Austria	Sch30	Iran	Rls210	Pakistan	Rs35
Bahrain	Din0.900	Israel	Shk4.00	Philippines	Pso40
Belgium	BFr60	Italy	L2200	Poland	Zl 11,000
Cyprus	C£1.00	Jordan	JD1.20	Portugal	Es155
Denmark	DKr13	Korea	Won 2000	Qatar	QR10.00
Egypt	E£3.50	Kuwait	Fils.500	S.Arabia	SR8.00
Finland	FM8.50	Lebanon	L£1,500	Singapore	S$4.10
France	FFr7.50	Lux	LFr60	Spain	Pta175
Germany	DM3.00	Malaysia	M$4.50	Sweden	SKr13
Greece	Dr200	Morocco	MDh10	Switz	SFr2.70
Hungary	Ft145	Neth	Fl 3.50	Thailand	Bht50
Iceland	IKr180	Nigeria	Naira15	Tunisia	Din0.800
India	Rs20	Norway	NKr13.00	Turkey	L3000
Indonesia	Rp3100	Oman	OR1.20	UAE	Dh8.00

EUROPE'S BUSINESS NEWSPAPER

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NETHERLANDS

Farmers' anger at EC subsidy moves

Page 30

World News

Soviet miners begin strike for 150 per cent pay rise

The Soviet government faces a new challenge to its authority today as nearly a million miners from the main Soviet coal areas start an indefinite strike for higher pay, better food and decent housing. The miners are trying to boost their wages by up to 150 per cent. Page 18

BNL fraud charges

Two officers of a US subsidiary of Italy's Banca Nazionale del Lavoro (BNL) were indicted along with eight others in a scheme to defraud the bank of more than $4bn for the benefit of the Iraqi government.

Building collapses

Radio reports said 40 people were killed and about 100 trapped when a four-year-old building collapsed in an Afghan town. Defective foundations were blamed.

New Soviet adviser

President Mikhail Gorbachev appointed a middle-ranking Communist party official as his economic adviser, confirming his increasing reliance on the party and split with Soviet radicals. Page 6

Bangladesh poll

Mrs Khaleda Zia looked set to be the next leader of Bangladesh after her party emerged victorious in the country's first free parliamentary elections in 20 years. Page 8

Draft plan rejected

The king of Thailand rejected an interim constitution proposed by a military junta which seized power in a bloodless coup last weekend. Bank accounts checked. Page 8

Killing 'not political'

Tunisia said that Wednesday's slaying of Robert-Jan Akkerman, a Dutch diplomat responsible for contacts with the Palestine Liberation Organisation, was not politically motivated despite a report that he was killed by a "pro-Iraqi group".

Shuttle launch delay

US space officials postponed the shuttle Discovery's planned launch in order to repair cracked fuel door hinges on the spacecraft.

Ethiopian setback

A fresh outbreak of fighting between rebels and government troops in the Ethiopian highlands has set back peace hopes and could threaten famine relief efforts. Page 8

Seoul clampdown

South Korean police raided seven universities and seized thousands of firebombs and other weapons in a pre-emptive strike to stop violent anti-government demonstrations.

Letter condemned

Uffe Ellemann-Jensen, the Danish foreign minister, denounced a letter signed by 22 Danish politicians which urged the Philippines to shut down US military bases on its soil.

Newsprint runs low

Cuba is cutting back printing and circulation of its already reduced national and provincial newspapers because of a severe shortage of newsprint sourced from the Soviet Union.

Business Summary

Ciba-Geigy cuts dividend as operating profit falls

Ciba-Geigy, Switzerland's leading chemicals group, is cutting its dividend after posting a fall of more than 33 per cent in operating profit to just over SFr1bn ($795m) in 1990.

The board proposes to lower the dividend from SFr65 to SFr60 a share and participation certificate. Page 19

MARKETS: Wall Street: At mid-session, Dow Jones Industrial Average was 8.66 lower at 2,880.45. Tokyo: Nikkei closed up 314.97 at 26,409.22. Back Page, Section II; Lex, Page 18

PHILIPS, Dutch electronics group – reporting record multi-billion guilder loss for 1990 – said sales had dropped in early 1991, but predicted it would end year with a profit. Page 19

EUROPEAN monetary union: Chancellor Helmut Kohl, defending Germany's policies on Emu, insisted that "convergence in economic and budgetary policies" was the decisive condition for moving to European currency. Page 18

BARCLAYS, UK's largest clearing bank, suffered bad debts totalling more than £800m ($1.53bn) in the UK last year as recession took its toll. Page 19; Lex, Page 18

SPANISH Treasury, following Bank of England's half percentage point interest rate cut, lowered interest rates on its treasury bills and three and five-year bonds. Page 18

ICI, largest UK manufacturer, reported annual pre-tax profits down from £1.53bn ($2.9bn) in 1989 to £977m in 1990. Page 19

CANADA'S gross domestic product shrank by an annualised 4 per cent, adjusted for inflation, in fourth quarter of 1990 – biggest decline since 1981-83 recession. Page 6

NATIONAL Australia Bank is to make a rights issue to raise up to $A1.1bn ($866.1m). Page 19

RIO Algom, Canadian mining and metals group, has declared large special dividend and is putting almost half its business up for sale. Page 20

STATOIL, Norwegian state oil company, announced record 74 per cent increase in pre-tax profits, before extraordinary items, of NKr14.4bn ($2.42bn) in 1990. Page 22

POLAND: US wants to secure agreement to write off much of Poland's $33bn debt to foreign governments before President Lech Walesa visits Washington. Page 6

CETUS, US biotechnology company, has won legal battle against US chemicals giant Du Pont. The suit threatened to invalidate Cetus patents covering microbiology technology. Page 20

MORGAN Grenfell, UK merchant banking subsidiary of Germany's Deutsche Bank, has been appointed by Vladivostok authorities in Soviet far east to advise on developing local infrastructure and economy. Page 6

ANGLOVAAL, South African mining house, increased turnover and profits in six months to end-December. Page 21

Iraqis agree to comply with UN resolutions but other issues remain unsettled

Allies begin search for peace

By Peter Riddell in Washington and David White and Alison Smith in London

STEPS TO look beyond the Gulf war and secure a lasting peace were under way in allied capitals yesterday as Iraq's government agreed to comply with all United Nations Security Council resolutions on the crisis while not yet accepting the US and allied terms for a permanent ceasefire.

After the exhilaration in Washington following the US President George Bush's declaration on Wednesday night of allied victory, there was a low-key mood yesterday as discussions focused on the practical matters of bringing the troops home and on post-war diplomatic moves.

The White House said that until Iraq agreed to all the coalition demands, the suspension of offensive military action declared by Mr Bush early yesterday would remain in force.

This would apply even if Iraq exceeded the 48-hour deadline set for discussions on the military arrangements. Hostilities will only restart if Iraq fires on the allies and launches Scud missiles against other countries.

The sheer size of the allied victory became clearer yesteday as defence officials in London put the total of Iraqi war prisoners as high as 175,000. There was no authoritative figure on the number of Iraqi casualties but Saudi officials said that there could be between 60,000 and 100,000 dead and wounded.

The Iraqis are also believed to have lost 3,500 of the 4,000-plus tanks they had deployed in the Kuwait region and most of their heavy guns and armoured vehicles.

A British defence official said that the Iraqi army was well equipped but devoid of training and tactical ability. "It was totally out of its depth," he said.

Once Iraq agrees to all the allied conditions – the immediate release of all prisoners of war, third country nationals and the estimated 40,000 Kuwaiti detainees and to provide information on the location of all sea and land mines – General Norman Schwarzkopf, the allied commander, will meet his Iraqi military counterpart to set the details on how a formal ceasefire would be put into effect.

Mr John Major, Britain's prime minister, called the allied operation "one of the most remarkable military campaigns of all time", and said that the task now was to "look to the future and secure peace".

Amid satisfaction that the war had ended with such a low level of allied casualties, Mr Major made it clear that the coalition would be free to use force if Iraq failed to comply with the ceasefire terms.

While stopping short of formally identifying the removal of President Saddam Hussein as one of the coalition's aims, Mr Major said again that he suspected the Iraqi people themselves would deal with their leader. "None of us will cry if that happens," he added.

The White House said that no timetable had yet been set for the withdrawal of US troops, although a pull-out could take several months to complete.

Mr Bush and Mr James Baker, US secretary of state, continued discussions with other world leaders on post-war arrangements.

Mr Baker has already asked Mr Alexander Bessmertnykh, the Soviet foreign minister, to urge the Iraqis to agree to the allied ceasefire terms, which

Continued on Page 18

US marines inspect the wreckage of a British Airways Boeing 717 destroyed by the Iraqis at Kuwait airport

Kuwaiti firefighters not daunted

By Victor Mallet in Kuwait City

IT was like a scene from hell. Huge flames billowed into the murky sky and the air was thick with sulphurous smoke. Lightning forked down out of the gloom amid peals of thunder. The rain was black and pools of black water lay on the gronnd.

It was completely dark at two o'clock in the afternoon.

The sight of Kuwait's oil terminals south of the capital yesterday should have been enough to depress the most determined optimist after the liberation of the country, but it neither damped the celebrations nor worried the firefighters.

Oil tanks are ablaze, but the fires will soon burn out or be extinguished, and the refineries appear to have escaped with only partial damage.

Mr Manhal al-Jezira, fire and safety engineer at the Mina al-Ahmadi refinery, said: "Damages are minimal here. It's only a few tanks, which are easy to ignite. You see it from a distance and think 'Oh my God', but it's only a tank. We have several fires and in the next couple of days they will be under control."

Firemen were hosing down a charred but intact oil tank as he spoke. At nearby Shuaiba – where most of the smoke was coming from – the fire-fighting team had decided to allow three huge tanks to burn out because they had already buckled and collapsed, Mr al-Jezira said. "My personal view is that it's not that bad," he said. "It's just that the west is always concerned about pollution. We're still surviving and our children are healthy."

Mina al-Ahmadi looks relatively unscathed, although the allies bombed some of the units which were making refined products for the Iraqi army about a month ago. The workers – who stole petrol during the occupation by

Continued on Page 18

DESERT STORM: the reckoning

- 43 days of war
- 100 hours of land battles
- 106,000 allied air sorties
- 36 allied aircraft lost in action
- 1,193,000 troops (643,000 allied, 550,000 Iraqi)
- Costs before contributions: US $35-50bn, UK $3bn
- Kuwaiti oil wells sabotaged: 600 out of total 1,300

Iraqi material destroyed or captured in Kuwait area:
Tanks: 3,700 out of 4,200:
Armoured fighting vehicles: 1,858 out of 2,870
Artillery pieces: 2,140 out of 3,110
Iraqi divisions in Kuwait area destroyed, captured or combat ineffective: 41 out of 42
Allied figures

CASUALTIES:

US casualties:
79 killed in action
212 wounded in action
45 missing in action

British casualties:
16 killed in action
31 wounded in action
12 missing in action

French casualties:
2 killed in action
30 wounded in action

Arab coalition casualties:
44 killed in action
206 wounded in action

Iraqi casualties:
85,000-100,000 killed or wounded (Source: Saudi officials)

Prisoners of war:
Iraqi: 175,000
Allied: at least 13

ON OTHER PAGES

Ford warns of big first-quarter loss and plans $3bn cost cuts

By Martin Dickson in New York

FORD MOTOR yesterday warned of a substantial first-quarter loss and unveiled plans to cut costs by $3bn. Among new cost-cutting measures it announced an early retirement programme for white collar staff and some salaried lay-offs.

This is the latest round in a series of cuts by all the big three US motor manufacturers as they battle against a slump in North American demand for cars.

Mr Harold Poling, chairman of the second biggest US motor company, said Ford was already half way towards its goal of cutting costs by $3bn by the end of 1991.

However, the decline in the car market in recent months had made tougher action necessary.

Early retirement will be offered to salaried staff aged between 55 and 62, both in the US and abroad, with special incentives for those who accept during a "window" in March.

Mr Poling said he hoped the take-up of this programme would reduce the need for other cuts, but it was becoming increasingly clear that some salaried lay-offs would be inevitable in the short term.

Ford has 52,000 salaried staff in the US and about 140,000 worldwide, but the company yesterday declined to spell out its target for job cuts.

Other measures include suspension of merit increases for senior managers in the first quarter and cuts on merit money for other white collar staff. Employees are already foregoing bonuses and profit-sharing this year.

Mr Poling said consumer confidence might improve with the conclusion of the Gulf war "but we believe any recovery in automotive sales will be slow for the balance of this year".

Following its $519m loss in the fourth quarter of last year, the company would have a substantial first-quarter loss.

In common with other vehicle manufacturers, Ford's cost-cutting programme also covers areas such as plant efficiency and materials costs. It has already asked parts suppliers to reduce their prices.

Analysts expect Ford to cut its dividend in April. General Motors, the largest US car maker, cut its dividend at the beginning of February.

Mr Poling, in an address to US employees on close circuit television, said Ford was committed to increased capital spending for new products and plants, and the challenge was to "improve the efficiency with which we invest in our future".

The Ford cost-cutting measures reflect a growing squeeze on the automotive industry worldwide, as sales fall in North America and Europe and growth also slows in Japan.

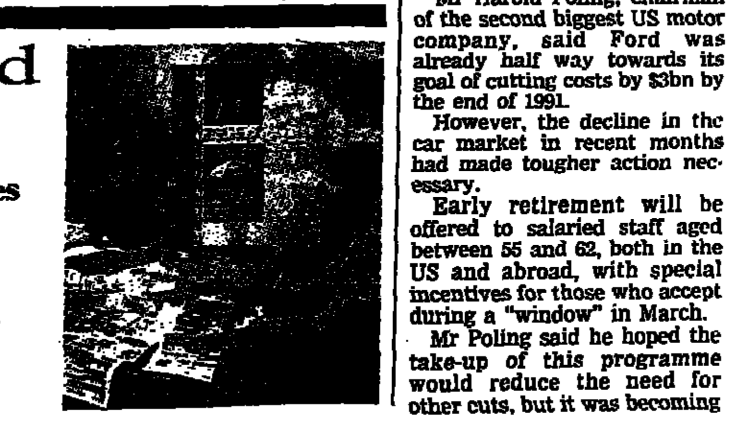
GM, the largest US motor manufacturer, recently disclosed a $1.6bn loss for the fourth quarter of 1990: its biggest quarterly deficit.

Its full-year loss, also a record, totalled $2bn on sales 1.5 per cent lower at $110.8bn.

Ford's financial performance last year was its weakest since 1982, and Mr David McCammon, company treasurer, warned of a possible loss for the full year

Weekend FT

Tomorrow:
The press grapples with freedom in eastern Europe
●
Maastricht's art fair – a colour special



CONTENTS

Uruguay Round negotiators limp towards another hurdle

While Gatt director general Arthur Dunkel has been careful not to set a deadline for completing the next round of talks, a long delay could unravel agreements that have already been reached

Page 6

MARKETS

STERLING
New York lunchtime:
$1.9105
London:
$1.9105 (1.917)
DM2.9175 (2.915)
FFr9.925 (9.92)
SFr2.5325 (2.5225)
Y254.0 (253.5)
£ index 93.8 (same)

GOLD
New York: Comex Apr
$369.0 (363.3)
London:
$364.75 (364.35)

N SEA OIL (Argus)
Brent 15-day Apr
$18.825 (+1.25)

Chief price changes yesterday Page 19

DOLLAR
New York lunchtime:
DM1.52475
FFr5.192
SFr1.3247
Y132.875
London:
DM1.5265 (1.521)
FFr5.195 (5.175)
SFr1.326 (1.316)
Y133.0 (132.25)
$ index 61.5 (61.3)
Tokyo close: Y131.95

US lunchtime rates
Fed Funds 6¾%
3-mo Treasury Bills:
yield: 6.2%
Long Bond:
96⅝
yield: 8.17%

STOCK INDICES
FT-SE 100:
2,380.9 (+32.9)
FT Ordinary:
1,910.7 (+32.9)
FT-A All-Share:
1,150.01 (+1.3)
New York lunchtime:
DJ Ind Av.
2,879.21 (-9.9)
S&P Comp
366.6 (-1.14)
Tokyo: Nikkei
26,409.22 (+314.97)

LONDON MONEY
3-month interbank:
closing Mar 12 11/16 (12¾)
Liffe long gilt future:
Mar 91 31/32 (92 11/16)

THE GULF CEASEFIRE

Reconstruction of emirate will take years

Tony Walker explains how the Kuwaitis plan to get their devastated country up and running again

THE reconstruction of Kuwait presents the emirate with an enormous challenge, requiring big sacrifices by Kuwaitis, said the emir, Sheikh Jaber al-Ahmed al-Sabah, this week.

It was certainly no understatement of the task facing the newly-returned government under his cousin, Sheikh Saad al-Abdullah al-Sabah, the crown prince and prime minister.

With oil fires burning in almost two-thirds of the emirate's 950 wells, extensive damage to refineries and other vital installations, and with power stations and de-salination plants vandalised, reconstruction work will go on for years.

Estimates of the cost of rebuilding Kuwait range from $50bn (£25.2bn) to $100bn. But until engineers have surveyed the damage, these figures remain highly speculative.

"Realistically they won't know the cost until they go back in and do all the surveys," said Mr Christopher Wilton, Britain's senior commercial attaché in Saudi Arabia, who has helped establish a British trade office in the country's Eastern Province.

Prudently, the Kuwaiti authorities have been planning for months for their return in the knowledge that failure to handle post-war reconstruction efficiently would reflect badly on the regime.

Many Kuwaitis already criticise the ruling al-Sabah family for lack of foresight in dealing with the Iraqi menace.

Kuwait's rulers see the restoration of water, electricity and sewerage as the first priority. Planning for this was entrusted to Mr Ibrahim al-Shaheen, a senior Kuwaiti civil servant and an architect, who heads the Kuwait Economic Reconstruction team.

Mr al-Shaheen, who made his headquarters in Dhahran, has negotiated dozens of contracts for rehabilitation work in Kuwait, of which at least 70 per cent have gone to US companies. The remainder have been distributed among other coalition partners, including Saudi Arabia, Britain and Egypt.

But Kuwaiti officials are making it clear that price remains an important consideration in negotiating tenders, and this message is being pressed home in discussions between Kuwaiti and allied officials.

So far contracts worth $1bn have been negotiated. Easily the most important was an agreement with the US Army Corps of Engineers, which has been designated to help restore infrastructure facilities and systems controlled by the Ministry of Public Works, the Ministry of Electricity and Water and the National Guard.

Mr Ben Wood, deputy programme manager of the Kuwait Emergency Recovery Office (KERO), under the US Army Corps of Engineers, said the Kuwaitis were working on a three-phase recovery programme, beginning with a 90-day emergency phase, to be followed by a rehabilitation phase and a recovery phase. He expected the recovery to last five years, involving the rebuilding of existing facilities and construction of new ones.

"Our first priority", he said, "is to get utilities throughout the city operating. Restore power lines and sewage pumps and carry out limited repairs on roads to get the city functioning again." Other priorities included bringing hospitals back into operation quickly, opening the airport, ensuring medical supplies and arranging food distribution.

A special committee under Mr Abdel Hameed al-Hussein, a senior official of the Finance Ministry, has been negotiating food contracts to prepare for the return to Kuwait. He has signed contracts for the quick supply of rice, sugar, milk, lentils, tomato paste and baby food to feed a population that could rise from less than 500,000 to about 1m within three months.

Mr al-Hussein said that his committee was also buying water from Turkey to replace lost production from de-salination plants. Water from Turkey was being trucked across Jordan and Saudi Arabia.

Food, detergents and cleaning equipment would be provided to Kuwaiti residents free of charge for the first month, and then on a subsidised basis. "Kuwait helped many countries who suffered disaster in peacetime, sometimes we were the first to help," he said. "Now our responsibility is to help our people in Kuwait."

KERO, under the direction of the US Army Corps of Engineers, has divided Kuwait city into eight areas and has asked US consulting engineers to conduct surveys to determine what needs to be done in each area. These individual surveys will form the basis of a master plan. Mr Wood, who described the rebuilding of Kuwait as the "biggest reconstruction job in living memory", said: "The day the war is over the disaster begins for us."

Power supply needed quickly

By Andrew Baxter

SECURING short-term power supplies is the immediate aim in rebuilding Kuwait's war-torn electricity industry. Mr Suleiman Mutawa, planning minister, said on Wednesday that equipment was already available in nearby countries.

With reports indicating that much of the country's network has been heavily damaged or destroyed, the prospect of work in Kuwait is generating great interest in the world's contract-hungry power engineering groups.

The quickest way to obtain temporary power, industry experts say, is to bring in medium-sized gas turbines, mounted on low loaders, connect them to a gas supply, and use them to power large buildings or districts. "All sorts of suppliers will be banging on the ministry's door offering this equipment," said one consultant yesterday.

In the long term, Kuwait has to decide what its power needs will be, and much will depend on its population policy and the availability of oil and gas. Before the invasion by Iraq, Kuwait had forecast a rise in demand, and in 1989 it awarded a £600m contract to Japan's Mitsubishi Heavy Industries to supply generators and turbines for the planned 2,400Mw Subiya power station in northern Kuwait.

But the Subiya project was suspended after the invasion, and Mitsubishi has stopped work on the equipment it was due to deliver. Mitsubishi hopes the contract will be revived.

With recession in many big western markets, and a dearth of new nuclear power station orders, there is not much new capacity being added worldwide. So even 10,000Mw of new capacity would be "pretty hard fought over", said Mr Steve Thomas, senior fellow at Sussex University's Science Policy Research Unit.

In an industry where success depends crucially on contacts built up over many years, Mitsubishi, Japan's biggest maker of energy-related equipment, may have an advantage on contracts for generators and turbines. But other suppliers such as the Anglo-French GEC Alsthom, the Swiss-Swedish Asea Brown Boveri (ABB) and Westinghouse of the US are thought unlikely to miss any opportunity to bid.

But there are two big unresolved questions. First, how much damage has been caused by bombing to power stations already built?

Kuwait has two other 2,400Mw stations, one completed a year ago and another that has been functioning since about 1983. Mr Mike Cunliffe, partner at Tyneside-based consulting engineers Merz and McLellan, believes it is highly unlikely that these installations have been damaged beyond repair.

With the cost of a new 2,400Mw station running at £1bn, "you can do an awful lot of remedial work with that," he said.

Merz and McLellan designed the plant and equipment for Subiya, and Mr Cunliffe, along with other consultants, is pushing hard to get involved in damage assessment work in Kuwait.

The second question is the extent of damage to the power distribution network. This could involve rehabilitation of around 20 high-voltage substations, about 80 per cent of which were originally supplied by ABB.

Bechtel to rebuild oil facilities

By Louise Kehoe in San Francisco

BECHTEL Corporation of San Francisco has won the contract to rebuild Kuwait's petroleum facilities. The engineering and construction company said that it had signed a letter of intent for project management with the Kuwait Petroleum Company.

Petroleum experts believe the cost of rebuilding Kuwait's oil, natural gas and petrochemical facilities could reach $10bn. Bechtel cautioned, however, that nobody had yet had an opportunity to fully assess the damage in Kuwait.

The huge project involves damage assessment, planning, engineering, procurement and construction.

Bechtel engineers are working on the planning and logistical aspects of the project.

Bechtel said its first priority would be to establish water, power and fuel supplies as well as work camp accommodation for the estimated 4,300 workers Bechtel plans to send to Kuwait. These will include subcontractors who have yet to be named. In addition, the Kuwait Petroleum Company will have about 1,300 of its own people working on the project.

Bechtel is the first US company to reveal heavy involvement in Kuwaiti reconstruction plans. Other big US construction companies, including Fluor and Parsons, both of California, are also expected to play a role.

Fluor, which has also worked extensively on Middle East Petroleum industry projects, said it was "in discussions with representatives from Kuwait."

Parsons said it would expect its extensive operations in Kuwait to resume shortly. Before the invasion, Parsons was involved in several large projects in Kuwait including construction of roads, water supply and treatment facilities and one of the world's largest oil-fired power stations.

As efforts get under way to refurbish basic facilities in Kuwait, AT&T said it would re-establish international telephone links this weekend by moving an earth satellite station to Kuwait City. It was discussing with Kuwaiti officials how to help restore state-of-the-art communications facilities.

The US computer industry expects big orders from Kuwait. Virtually all the computers that were in Kuwait have been destroyed or carted off to Iraq. An International Business Machines dealer in Saudi Arabia has an initial contract to replace many of the data systems.

Freeze on Kuwaiti assets to stay for time being

By Rachel Johnson, Economics Staff

KUWAITI and Iraqi assets in the UK and the US are to remain frozen for the time being even though the Gulf war has ended, both national treasuries indicated yesterday.

However, the clampdown on the countries' financial assets is under continuous review in the UK and the US. It is expected that the resolution of the war will swiftly precipitate the freeing of Kuwaiti assets in order to oil the wheels of reconstruction.

The Bank of England yesterday appeared to expect the decision on Iraqi assets to be taken by the United Nations. The US Treasury yesterday expected the White House to make a statement today or tomorrow outlining the policy of the Office of Foreign Asset Control now that Iraq has withdrawn.

A protective freeze on Kuwaiti assets against withdrawals by Iraq was imposed on August 2 at the request of the Kuwaiti government.

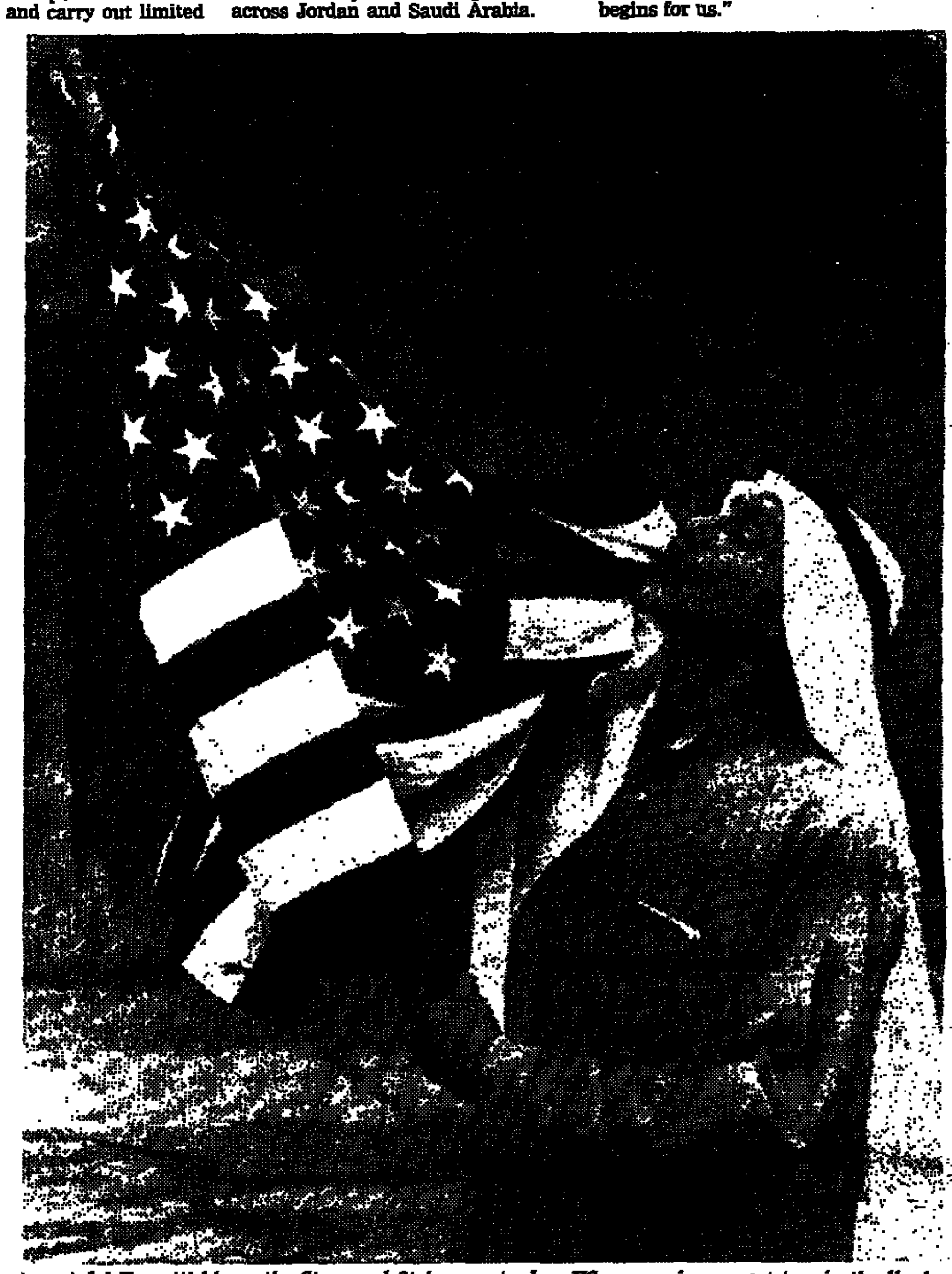
As the bulk of the country's external assets are booked and run through the UK, the Bank of England imposed tight controls on withdrawals from any Kuwaiti-controlled accounts. Kuwaiti businesses in the UK have also been operating under restrictions. The National Bank of Kuwait has temporarily been moved to London.

A punitive freeze on Iraqi assets was also imposed by the Bank then under emergency powers granted by the Treasury and Foreign Office.

The sudden clampdown on Kuwaiti and Iraqi financial assets created severe difficulties for UK and Kuwaiti banks and ex-residents, and as the Gulf crisis lengthened, the freeze was progressively relaxed.

Last November, the Bank lifted restrictions on the private accounts of Kuwaiti ex-residents. This week the US Treasury and the Bank of England allowed seven Kuwaiti banks to square their books. They can now draw on their bank deposits and settle outstanding interbank claims.

Yesterday, Tokyo's Ministry of Finance took a similar decision to allow the seven Kuwaiti banks access to their accounts. It asked banks and brokerages to check the authenticity of transactions.



A grateful Kuwaiti kisses the Stars and Stripes yesterday. US companies are set to win the lion's share of reconstruction contracts

Airlines resume Mideast flights

By Paul Betts, Aerospace Correspondent

INTERNATIONAL airlines are resuming flights to the Middle East, although an air traffic exclusion zone will remain over the Gulf war theatre until there is a complete "cast iron" end to hostilities, the International Air Transport Association (IATA) said yesterday.

Several large airlines yesterday announced resumption of services to several Middle East destinations, following the ceasefire.

Air France resumes its Tel Aviv flights on Sunday and to Riyadh next week. Lufthansa is re-starting its Tel Aviv service today; British Airways plans to resume services to Tel Aviv, Bahrain, Riyadh, Kuwait and other destinations as soon as possible.

IATA said airline war risk insurance premiums were falling from their peaks during the war. But the Geneva-based organisation, which groups 200 airlines, said the "exclusion zone" for flights over Iraq and immediately over the war zone would continue until there was certain evidence that the peace was holding.

Airlines have been forced to fly on more northerly or southerly routes to avoid the war area since hostilities began last month. This has added to overall operating costs.

IATA said yesterday airlines worldwide lost more than $1bn (£500m) in January alone because of the crisis. This included $600m for European airlines, $200m for Middle East carriers, over $200m for North American companies, and $80m for rest-of-the world airlines.

Mr Gunter Eser, IATA director-general, said he would be surprised if international scheduled air traffic this year grew by 3-4 per cent.

Last summer, IATA was forecasting 6-7 per cent growth. "We have no idea how the financial results will be, except very disappointing," he added.

In January, average worldwide loss of traffic was 12 per cent against the same month last year. Middle East carrier traffic fell 36 per cent, European airlines' 12 per cent, North American carriers' 5 per cent, and other regions' 9 per cent.

About 15,400 flights were cancelled in January, but there were now signs that business was picking up.

UK group bids for water contract

By Andrew Jack

A TEAM at Biwater, the private UK-based water contractor, was putting the final touches to its Kuwaiti emergency reconstruction proposal early today to be faxed to the US Corps of Engineers in Saudi Arabia by 7am local time.

"The task is to go in and refurbish or construct something temporary to supply people very quickly," said Mr Neil Chapman, group public affairs director.

Biwater was one of 10 British companies which submitted pre-qualification documents at very short notice last week to the US Corps, which is co-ordinating an emergency 90-day reconstruction programme.

The company's submission – worth between $2m (£1m) and $5m – outlines how it would obtain materials and what steps it would take to supply water and treat sewage for Kuwait City within three months. It is confident that "package" water treatment plants could be working within weeks.

But detailed proposals are impossible: "The only indication we have of what to expect is what the Corps of Engineers calls 'war damaged'," said Mr Chapman yesterday. "It doesn't make the task easy. We have to consider a number of scenarios."

Biwater, with a turnover approaching £300m and more than 3,000 employees, is well known in Britain for its stakes in privatised UK water groups.

But it also has a long history of overseas work, including much in the Middle East. It was about to start work on a contract to operate and maintain sewage pumping stations in Kuwait when Iraq invaded last August.

Mr Adrian White, chairman and joint founder of Biwater, attended a DTI-sponsored British trade tour to discuss reconstruction in early February, and the company has since staffed a permanent mission in Saudi Arabia.

Japanese stay out of running

By Ian Rodger in Tokyo

THE Japanese government and business community, embarrassed by their country's unwillingness to share the human risks of the Gulf war, are diffident about grabbing a share of the spoils of peace.

"We should participate in the rebuilding of Kuwait only in a humanitarian way, not in a commercial way," Mr Hideya Taida, general manager of international planning at the big Marubeni trading company, said yesterday.

Other business leaders suggested that they would not seek Gulf reconstruction contracts, but would respond if asked to help.

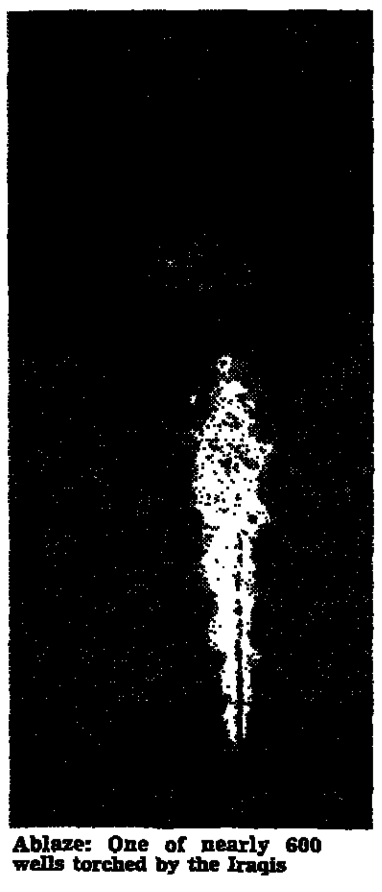
The government is to donate emergency medical supplies for use in Kuwait, and it is sending experts to help deal with the oil spills in the Gulf.

No large scale financial aid was being sought by Kuwait and none would be provided. Instead, Japan was looking to increase its economic aid to the poorer Middle Eastern countries that had been hurt by the war.

As for aid to Iraq, nothing other than the most basic humanitarian help would be provided until the government accepted its international responsibilities and renounced terrorism. Businessmen too said they would steer clear of Iraq until it had an acceptable political system in place.

The foreign ministry said Japanese companies were unlikely to be invited to participate in the contracts to rebuild Kuwait's infrastructure, with the possible exception of those that built the water desalination plants. These companies would be in the best position able to repair them rapidly, he suggested, and, if asked, the Japanese government would be ready to step in to help finance the work.

Meanwhile, the Keidanren, the federation of leading business organisations, announced that it was setting up a fund to aid refugees.



Ablaze: One of nearly 600 wells torched by the Iraqis

Restarting crude production is Kuwait's priority

By Deborah Hargreaves and David Owen

FIREFIGHTERS are standing by to fly out to tackle Kuwait's 600 oil well fires at a day's notice, but it could take more than two years to control the fires and get oil production back to its pre-invasion level.

As the fighting stops, the extent of the damage to Kuwait's oil industry is becoming more apparent. The priority will be to tackle the blazes and restart crude production.

"No longer can we talk about damage, it looks more like a disaster," said Mr Nader Sultan, president of Kuwait Petroleum International, yesterday. "As a goodbye gesture, the Iraqis went to the control-room of our newest refinery which used to be known as the Cadillac of the industry and destroyed it completely," he said.

Other facilities including shipping manifolds, some pumping capacity and 13 out of 26 gathering centres have been destroyed, he said.

All told, about 20 per cent of Kuwait's refining capacity appears to have been damaged, but around half its 1,300 oil wells are on fire.

Mr Brian Krause, a firefighter with the Red Adair company in Houston, Texas, said he was expecting to leave for Kuwait on an initial damage assessment trip early next week.

The Kuwaitis are currently looking at laying a pipeline from the Gulf 30-40 miles inland to bring water for cooling the well fires. The pipes have been stockpiled in Saudi Arabia and it could take construction teams about 30 days to lay on water and install pumping stations.

The Kuwaiti government flew out entire construction camps from the US in December. These will be capable of housing 1,200 men who will work on drilling water wells and providing water for the firefighting effort.

The Kuwait Petroleum Company has said it will try to get crude output running at 130,000 barrels a day (b/d) initially to supply refineries for the country's own needs. After that, it is hoping to produce around 500,000 b/d of crude for export in the first six months.

The world market for refined products has been extremely tight since Kuwait's high-technology refineries stopped production in August.

Iraq's refineries have been almost totally destroyed, however, the allies said they had taken out 80 per cent of its capacity.

If Turkey opens the Iraqi pipeline running through its territory once sanctions are lifted, Baghdad could be able to export 1.6m b/d if it can get production restarted.

An additional 1.6m b/d is exported through a pipeline running into Saudi Arabia which may remain closed for longer.

Producers may act quickly to cut output after March 11

WORLD OIL prices were firmer yesterday, amid strong indications from the Organisation of Petroleum Exporting Countries that producers would act swiftly to cut output after a March 11 meeting, writes Deborah Hargreaves.

North Sea Brent crude for April delivery closed at $18.825 a barrel yesterday, up $1.25 from the previous day, in a market much less nervous than recently.

Traders are now reassessing the outlook for the oil market this year and even though demand remains flat, the desire among most Opec producers for higher prices could see a willingness among producers to co-operate on production cuts.

Saudi Arabia has reiterated Opec's intention of returning to the 22.5m barrels a day (b/d) production ceiling set last July. But this does not mean the key producer will have to relinquish all its newly-won market share – Saudi Arabia now accounts for a third of Opec output against a quarter before the crisis.

One Opec delegate said yesterday that producers which have boosted their output to replace Kuwaiti and Iraqi oil since last August's invasion could take on part of the quota for those two countries. Iraq and Kuwait are unlikely to be able to export oil for at least three months.

In this way, the delegate said, the gap between countries' production quotas and their actual capacity could be narrowed. This would primarily affect Saudi Arabia and Venezuela, since they are the only countries with sizeable spare capacity.

Mr Mehdi Varzi, oil analyst at Kleinwort Benson, believes Saudi Arabia will be looking to produce 6m-6.5m b/d – the country's production quota is 4.5m b/d and it is currently producing 8.5m b/d. "But the mathematics don't really matter," he said, "the sheer prospect of a cut will firm market psychology."

This is what is happening in the market now, where gains of over $2 a barrel have recovered the losses taken when prices slid last week on initial expectations of peace in the Gulf.

In addition, although stocks remain high, much of the spare oil – 100m barrels – is being held in floating storage by Saudi Arabia and Iran. It is unlikely this oil will be released onto the market in a hurry since the producers do not want to depress prices.

But Opec has yet to address how Kuwait and Iraq can be accommodated in the organisation again. By leaving them out of the equation now, the producers' cartel could be putting off its toughest negotiations until June, when Kuwait and Iraq may have restarted production.

EC aid for Iraq

The European Commission yesterday announced Ecu500,000 (£350,000) emergency aid for for water purification equipment for Iraq, Reuter reports from Brussels.

A mobile water treatment plant, to be bought and operated by the International Red Cross, would arrive in Baghdad tomorrow.

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THE GULF CEASEFIRE

Allies believe Iraqi dead and wounded may top 85,000

By Tony Walker in Riyadh and David White and Paul Abrahams in London

BRITISH and US commanders seemed almost awed yesterday when describing the scale of the allied victory. The British said 175,000 Iraqi soldiers had been captured, while some Allies believe the number of wounded and dead is likely to be over 85,000.

Prince Bandar bin Sultan, the Saudi ambassador to the US said in Washington on Thursday that the number of Iraqi dead and wounded was between 80,000 and 100,000. Others fear the numbers may be higher.

These figures contrasted sharply with US casualties which yesterday stood at 79 killed, 213 wounded and 44 missing. During the decade-long Vietnam war 58,151 Americans lost their lives. Forty soldiers from Arab coalition forces were killed in action together with 16 British and two French.

Allied spokesmen have refused to give details of Iraqi casualties, but on Wednesday General Norman Schwarzkopf said coalition forces had found a "very, very large number of dead" in Iraqi trenches lining the southern border of Kuwait.

The extent of the destruction of the Iraqi army became apparent yesterday as Brig Gen Richard Neal of US Central Command in Riyadh explained that only "one division plus" of the more than 42 divisions or some 530,000 men sent to defend Kuwait had survived the allied onslaught.

About 175,000 Iraqi troops – representing a third of the army to the south of the Euphrates – have been captured, according to British sources. Officials in London put the figure as high as 175,000. Many of the Iraqis who surrendered, some in a pitiful state physically, were highly critical of the Iraqi leadership.

Some 3,500-4,000 tanks, among them a large number of late-model Soviet T-72's, were devastated by "tank-killing" aircraft and helicopters, and by allied armour and artillery. Gen Schwarzkopf said 1,857 armoured vehicles and 2,140 artillery pieces had also been ravaged.

The British 1st Armoured Division destroyed at least 200 tanks during a battle on Monday night and Tuesday, during which it lost two Warrior infantry vehicles, attacked by mistake by a US aircraft, and two Scorpion reconnaissance vehicles in an encounter with an Iraqi T-62 tank. It lost none of its own Challenger tanks.

Brig Gen Neal attributed yesterday's two ceasefire incidents to confusion and poor Iraqi communications on the battlefield. Some Iraqi soldiers had not yet got the word that a ceasefire was in place.

In his message declaring a suspension of "offensive combat operations" from midnight Wednesday Washington time, President Bush gave Iraq 48 hours in which to designate military commanders to negotiate details of the ceasefire.

Iraqi and allied commanders are expected to meet in southern Iraq or on the Kuwaiti border to discuss disengagement arrangements and the exchange of prisoners of war.

Mr Bush set four conditions for a formal ceasefire: that Iraq comply fully with relevant UN resolutions, release prisoners of war and Kuwaiti detainees, and agree to ceasefire talks.

He also said that a ceasefire was contingent upond Iraq not firing on any coalition forces, and not launching Scud missiles against any other country. "If Iraq violates these terms, coalition forces will be free to resume military operations," he said.

In spite of a couple of incidents, the ceasefire was holding well, according to Lt. Gen. Peter de la Billiere, commander of British forces in the Gulf. "I don't think there's much left of the Iraqis to have an incident with."

Over 175,000 Iraqi soldiers were taken prisoner or surrendered

The US spokesman said that allied forces in southern Iraq, which include elements of the US VIIth Army Corps, were in defensive positions, but were under strict instructions to retaliate immediately in the event of any breach of the ceasefire. "We are not relaxing our guard for one minute," said Brig Gen Neal.

Britain's Ist Armoured Division after spearheading into southern Iraq on the second day of the ground offensive and then turning east into Kuwait has taken up positions just north of Kuwait City, guarding the main road to Basra, Iraq's main southern city, and west of the Kuwait capital.

The British troops are engaged in screening traffic heading north. One of the tasks is to seize anyone suspected of being an Iraqi soldier or member of an Iraqi security detachment. The allies are cooperating in hunting down those suspected of committing atrocities against Kuwait citizens during the seven months of Iraqi occupation.

Asked if some of the Iraqi soldiers, whose lives might be in jeopardy, would be given asylum, a Saudi spokesman said: "I think the wishes of those who think they might be executed will be taken into account by the authorities."

Evidence emerged yesterday that Jordan may have been helping Iraq break the UN-imposed arms embargo against Iraq. American troops in southern Iraq showed reporters arms caches that included Jordanian-supplied weapons, including rocket propelled grenade launchers, mortars and ammunition for automatic weapons.

Boxes of the weapons were stashed in an Iraqi bunker near the Euphrates river, overrun by the 101st Airborne Division. The site is 160km from the Saudi border. "We've got bags and bags of Jordanian ammo," a Jordanina officer was quoted as saying. "That stuffs awfully fresh." Jordan has steadfastly denied that it was evading the arms embargo.

In Riyadh, a senior US officer said the timing of an allied withdrawal would "be determined by the Iraqi leadership accepting the 12 (relevant UN) resolutions and the precepts of the President's offer." Failure of Iraq to do so, he said, may oblige the allies to "go on the offensive."

When fighting in the Gulf region stopped soon after dawn yesterday, the allies had inflicted on the Iraqi army one of the most severe defeats in history. So complete was the rout that in the last hours of the battle fewer than 20,000 Iraqi troops out of the more than 500,000 sent to confront the coalition were still capable of fighting.

Brig Gen Neal said that Iraqi troops were being weeded by British and US Marine forces in an attempt to track down potential war criminals. The Americans have drawn up lists of particular units which are supposed to have been involved in atrocities. The information has been supplied by Kuwaiti resistance members and other sources, said Brig Gen Neal.

Lt Gen Sir Peter de la Billière, the British commander, said yesterday that it might take up to a year for all British troops and equipment to return home or to Germany. However, in London, British defence officials said the aim would be to get those who had been involved in the fighting home within a few weeks.

LIBERATED: US Marines jump from a Blackhawk helicopter on to the roof of the US Embassy in Kuwait City yesterday

Ceasefire holds on most of battlefield

By Paul Abrahams

THE CEASEFIRE between coalition and Iraqi forces appeared to be holding last night in spite of sporadic violations by Iraqi troops.

Yesterday afternoon American forces from the 18th airborne corps destroyed two Iraqi T-55 tanks and two rocket launchers after they fired on troops attempting to recover the bodies of eight special forces soldiers killed in a UH-60 helicopter. The special forces troops had been attempting to rescue the pilot of a jet who had been shot down. A brief artillery duel initiated by Iraqi forces was also reported.

The incidents occurred after President George Bush had warned in his speech on Wednesday that the suspension of offensive operations was dependent upon the Iraqis not firing upon coalition forces.

However, Brig Gen Richard Neal said yesterday that minor violations had been expected and had probably been caused by poor communications. He said the allies expected a hard core of Iraqi troops to go on fighting until they were unable to continue.

Allied commanders were still waiting yesterday night for Baghdad to designate military commanders to arrange the military aspects for the ceasefire. They will need to discuss:

- The amount of weapons and equipment the Iraqis will be able to take with them. The allies will be anxious to deny them their remaining armour, ammunition and chemical weapons.
- The timetable for withdrawal. The allies will want to accelerate an Iraqi pull-out from the Basra region to avoid offering President Saddam Hussein's army time to take much of their equipment with them. On the other hand, if the withdrawal is too slow, the allies will be obliged to supply the remains of the Iraqi army.
- The relationship between the allied forces and local population. The Americans are understood to have civil affairs officers in place to administrate occupied Iraqi territory and prevent any disruption of supplies by local inhabitants.
- The separation of forces. At some stage, there will have to be an agreement about US withdrawal from their positions some of which are less than 150 miles from Baghdad. The allies will also require guarantees on the Iraqi side about minimising troop concentrations near the Kuwaiti border.
- The role of peace-keeping forces. Arab or United Nation peacekeeping forces will probably be needed on the Kuwaiti-Saudi border.
- The exchange of prisoners of war. The allies hold about 175,000 prisoners some of which may not wish to return to Iraq. Meanwhile the Iraqis hold at least 13 allied airmen. An agreement will also have to be established for the return of the bodies of those killed.
- Maps showing the location, dispersal and nature of mines both on land and at sea.

Further issues that may prove stumbling blocks include the return of Kuwaiti deportees and third party nationals, sanctions, the extent of reparations and the problem of war crimes.

Iraq left with poorly equipped army of 300,000

IRAQ may be left with an army of some 300,000 men, about the same size as that of Iran or Syria and smaller than Turkey's, British defence analysts said yesterday, reports David White, Defence Correspondent.

These would be mostly poorly equipped infantry. However, Iraq would still have some Scud missiles. It would also have chemical weapons available, even though production and storage facilities had been destroyed.

Some troops and equipment would escape the military net cast by allied forces around Kuwait, which stopped a short way to the west of Basra, they said. About 250,000 men are deployed in other parts of the country.

The equivalent of six brigades, or about 30,000 men, were gathered in the Basra area, including the remnants of four Republican Guard divisions, one of them armoured.

The British analysts said these forces would face difficulties moving their heavy equipment north, since Basra itself was clogged and bridges on the road were down.

Officials said a decision had been made not to move into the city of Basra because of the political problems this would create.

Equipment caught within the allied net "will not get away," they said.

Iraq is reckoned to have eight or nine divisions near Turkey, seven on the border with Iran and five or six divisions in the Baghdad region, including Republican Guard units assigned to the personal protection of the Revolutionary Command Council. It has only border troops along its frontier with Syria.

These forces are described overall as being lightly equipped and of relatively poor quality, with very limited capacity for offensive action. Officials predicted, however, that some of them would be transferred to reconstitute the former strength of the heavily depleted Republican Guard.

Iraq is reckoned to have lost about 3,500 out of 4,500 tanks that were deployed in and around Kuwait, and 2,000 out of 3,000 artillery pieces. In other parts of the country its forces probably have barely 1,300 tanks, almost all old Soviet models, and 1,000 heavy guns.

The approximately 130 Iraqi combat aircraft now in Iran, if recovered as is by no means certain, would constitute the nucleus of a fairly modern air force by regional standards, analysts said. A further 200 aircraft are reckoned to have been scattered at military and civilian sites around Iraq. This would compare with a Syrian force of about 550 combat aircraft.

Iran seems certain to use jets as a bargaining tool

Tehran hangs on to 160 Iraqi aircraft

By Michael Field in Tehran

THE END of the Gulf war leaves Iran still holding some 160 Iraqi civilian and military aircraft. Some civilian jets are understood to have flown to Tehran just before hostilities began on January 17, and the military aircraft arrived over a period of about a week, beginning a few days later.

The military jets include most of the newer aircraft in the Iraqi forces, principally the Mig-23s, 25s, and 29s, known by Nato as Flogger, Foxbat and Fulcrum, and the Soviet Fencer Sukhoi Su-24 bomber. Iran admits having received only 20 of these aircraft.

The question is what Iran will do with the aircraft. Many Iranians take it for granted that the Iraqis entered into some arrangement with the Iranian government before the war or in its early stages, and the fact that two fighters were shot down as they arrived is ascribed to poor co-ordination.

It is thought that President Saddam Hussein may have been intending to have his aircraft flown back in the event of his being forced out of Kuwait and finding himself fighting a prolonged mobile war on Iraqi home territory.

One of Iraq's several Soviet Fencer Sukhoi Su-24 bombers held in Iran

Iran's stated intention of keeping the aircraft until "the end of the war" might then have been redefined as "until the Iraqi evacuation of Kuwait".

The theory that Iraq was intending to recover its aircraft gains strength from the fact that the country's best pilots were kept in Iraq. It is thought that the Iraqi government may have worried that, if these people had been ordered back from Iran at a time when Iraq appeared to be losing the war, they would simply have defected.

The other possibility is that Mr Saddam expected hostilities to end in a stalemate and was intending to bring back his aircraft to bolster his authority in a post-war Middle East.

This assumes that he realised that, if he kept them in Iraq during his war against the allies, their destruction in the air or on the ground would have been inevitable.

There was always a risk that Iran would use the aircraft as a bargaining counter, and, now that Mr Saddam has been defeated so decisively, this appears inevitable.

It may be that Iran will release the aircraft only if it sees a government it likes emerge in Baghdad, or it may use them as a means of extracting a proper peace treaty from Iraq. So far, Baghdad's acceptance, announced in August, of Iranian terms for the settlement of the Iran-Iraq war of 1980-88 has only been oral. Iran has been pressing for a proper accord, which, in particular, will acknowledge that the Shatt-al-Arab waterway in the south of the country is half in Iranian territory. This demand was brought up during the recent visits of Mr Tariq Aziz, the Iraqi foreign minister, to Tehran.

It may also be that the Iranians will use the aircraft, which are worth roughly $1bn (£500m) as a means of extracting the compensation for war damage it has long demanded from Iraq. Or more likely, they will claim that the aircraft are themselves compensation, and will keep them.

PoWs' fate still an obstacle to ending the war

By Jimmy Burns and Neil Buckley in London and Michael Littlejohns in New York

THE fate of thousands of Kuwaiti detainees and at least 13 allied prisoners of war believed to be still held in Iraq emerged yesterday as an obstacle to a formal end to the Gulf war.

Iraq on Wednesday told Mr Javier Pérez de Cuéllar, the UN secretary general, that it was prepared to free allied PoWs after a ceasefire under International Red Cross auspices.

But the ICRC said yesterday that its delegates in Baghdad were still being refused access to the PoWs and denied information on the whereabouts of the Kuwaitis, believed to include troops captured following the August 2 invasion and civilians taken as hostages in recent days.

In Baghdad last night, informal discussions were continuing between Mr Andreas Wijer, the head of the ICRC delegation, and Iraq government officials. Pressure was being exerted at the UN, where both British and US officials are thought to be in favour of a new Security Council resolution on the PoW issue.

Among the allies there appears to be some concern that President Saddam Hussein plans to use both the PoWs and the Kuwaiti detainees as bargaining chips, as occurred at the end of the Iraq-Iran war.

Nevertheless, the allies are continuing to abide by the terms of the Geneva Convention allowing ICRC delegates to visit and register up to 175,000 Iraqis believed to be held as prisoners of war in Kuwait and Saudi Arabia.

The ICRC said it had a "huge task" ahead, because underthe terms of the Geneva Convention it was obliged to talk to each prisoner both to find out who wanted to be repatriated and to "filter" anyone suspected of human rights violations. By yesterday afternoon the ICRC had inspected 3,000 Iraqi PoWs.

In Britain, 33 Iraqis and Palestinian civilians were yesterday still being detained as "national security risks" in Coldingley prison, Surrey, and at Full Sutton prison near York. All have been served by the Home Office with notices of intention to deport, and are being detained under domestic immigration laws.

The Home Office maintains that although hostilities have ceased in the Gulf, the threat of terrorism persists, and therefore the continuing detention of civilians is justified under domestic law. Lawyers for the detainees however said that such an argument may be invalid given the cessation of hostilities.

In addition the Ministry of Defence had made no move yesterday to release 32 more Iraqis who are suspected of having links with the Iraqi military and are being held as prisoners of war at Rollestone Camp in Wiltshire.

THE GULF CEASEFIRE

Arab coalition members look to rewards they may reap

Robert Graham looks at the place of the Arab states which joined the coalition

THE ejection of Iraq from Kuwait has been carried out under the banner of defending the new international order. But as the ceasefire is established on the ground, this noble-sounding justification will be matched by hard-headed national self-interest among the members of the allied coalition.

All along such self-interest has been close to the surface, especially among the coalition's Arab members. Indeed, the extent to which these Arab nations can be judged to have "won" the war depends in good measure on their motives for joining the coalition in the first place.

Saudi Arabia:

The Saudis took a big risk by inviting US and other non-Arab forces onto Saudi territory. The initial motive was to prevent Iraqi troops pushing on to take over the oilfields near Dhahran in the east of the kingdom. This later transformed into permitting Saudi Arabia to be a launch pad for the invasion.

Iraq's ejection from Kuwait was essential to the House of Saud, which felt vulnerable to the example of a populist republican regime in Kuwait under Iraqi tutelage.

This sense of vulnerability was increased by the vocal support for Iraq coming from Yemen, traditionally viewed as a trouble-making neighbour with potentially disruptive workers inside the kingdom.

King Fahd appears to have ridden out objections from the religious conservatives and avoided being embarrassed by the US's simultaneous protection of Riyadh and Tel Aviv with Patriot anti-missile missiles.

Saudi Arabian troops were seen to fight well and bravely. Its oil industry has been preserved and the kingdom controls one of the two pipeline routes for Iraqi oil exports. The reduction of Iraq's military power can only aid the expansion of Saudi influence.

This should give Saudi Arabia the confidence its has always lacked to be more assertive in regional affairs. The economic costs should ultimately be offset by the price of oil since the Iraqi invasion of Kuwait.

Egypt:

President Hosni Mubarak long opposed President Saddam Hussein's regional ambitions and joining the coalition was a means of cutting Baghdad down to size. But he was also obliged to go along with both his Saudi and Gulf paymasters as well as the US, his principal foodstuffs, credit and military supplier.

The reward for sending troops to Saudi Arabia was aid to ease the burden of returning Egyptian workers from Kuwait and Iraq and the loss of their remittances. Egypt was also pardoned its military debts by the US, and forgiven all its Saudi debts as well as one third of its Paris Club debts.

Egyptian comportment during the fighting and the potential need for Egyptian troops in the Gulf area for peacekeeping, should give Cairo enough leverage to ensure vital continued aid flows. The war ended the effective isolation of Egypt since the late President Anwar Sadat's peace with Israel; and a weakened Iraq enhances Cairo's mediation capacity.

The Gulf States:

Their support for the coalition was based on similar considerations to the Saudis', without the risks attached of inviting in foreign forces.

They will now feel infinitely less threatened from a weakened Iraq and happier about a more equal relationship with Iran across the waters of the Gulf.

The economic damage caused by the flight of expatriate workers and the loss of international confidence (air traffic, business visitors, banking etc) will take a considerable time to repair.

Syria:

President Hafez al-Assad took a big risk in aligning himself with the conservative Saudis, the Gulf states, Egypt and the US. Washington has long been blamed by Damascus for backing Israel and therefore by omission for failing to get the Jewish state to pull out from the Golan Heights. The Iraqi Baathists may have been bitter enemies of their Syrian namesakes, but siding with the US was not popular at home.

But President Assad was rewarded by being allowed to manoeuvre and extend control in Lebanon to oust General Aoun, the Christian leader.

He was then able to gain international respectability and patch up diplomatic relations with the US and Britain (which had accused him of state-sponsored terrorism), leading to a renewal of EC aid. He also wrung unspecified Saudi/Gulf financial aid.

The clear-cut humiliation of his rival, President Saddam, should ease domestic pressures. He could also now improve strained relations with the Soviets and he will have built up some leverage with the US to tackle the Palestinian problem and persuade Israel to come to terms over the Golan Heights.

Criticism over occupied lands mutes Israeli delight

JERUSALEM

ISRAEL greeted Iraq's defeat with delight yesterday, but celebrations were tempered by disappointment that President Saddam Hussein had not been toppled and apprehension that Israel would face strong international pressure to make concessions on the Arab territories it has occupied for more than 23 years, Hugh Carnegy writes.

For most people the main reaction was relief that the Iraqi Scud missile attacks appeared to be over. The ceasefire gave added impetus to yesterday's celebrations of the Jewish festival of Purim, when thousands of children take to the streets in fancy dress.

The army ended a state of alert, imposed when war broke out six weeks ago, telling the public to return to normal rooms specially sealed against chemical attack and to store their gas masks. Forty Scuds, all armed with conventional explosives, were fired at Israel during the war, killing four people and wounding more than 300.

Mr Yitzhak Shamir, the prime minister, led official expressions of thanks and congratulations to the US-led allies for largely destroying the Iraqi military machine, one of the biggest threats to Israel.

But officials said they still wanted to see the overthrow of President Saddam to complete the victory. "I have to say that I won't feel that the war is over if Saddam Hussein stays on as President of Iraq," said President Chaim Herzog.

The chief concern of Mr Shamir's hard-line government is the shape diplomatic efforts to stabilise the Middle East may take. Although it won much political credit in the US and elsewhere by not retaliating for the Scud attacks, the coalition, led by the Likud party, expects Washington to step up pressure for a settlement with the Palestinians.

Speculation was already rife yesterday about what message Mr James Baker, the US secretary of state, might bring when he visits Israel during a trip the Middle East next week. "The prime minister's office is getting the troops ready for a possible confrontation after the war," said one diplomat.

In Israel the expectation is that the diplomatic effort will focus on three areas – regional arms control, bilateral Arab-Israeli relations and the Israeli-Palestinian conflict. Mr Shamir has, in essence, struck a defensive posture in recent weeks.

Yesterday, Mr Moshe Arens, defence minister, said: "There is no room at this stage for announcements of concessions. I don't think the problem of peace in the Middle East is first and foremost a problem of concessions on Israel's part."

While Mr Shamir has signalled some willingness to co-operate on regional arms control and an eagerness to reach bilateral peace arrangements with Arab countries, he is adamant he will not give up his commitment to Israel's continued occupation of the West Bank and Gaza Strip.

Palestinian support for Iraq – and the damage this caused the Palestine Liberation Organisation in the US and among Washington's Arab allies – has strengthened Mr Shamir's determination on the occupied territories. But advancing the Palestinian issue is still seen by the US and its allies as the key to progress in other areas.

The chief weakness on the Israeli side lies in the economy, likely to be under extreme strain by the end of the year because of a huge influx of Soviet Jewish immigrants. Some observers believe this – coupled with a growing tendency by the US to tie much-needed aid to political issues – may undermine the government and force a choice on the electorate between prosperity and holding onto the West Bank and Gaza.

Ken Lennox

Soldiers of the British 1st Armoured Division in Iraq yesterday celebrate the ousting of Iraqi forces from Kuwait

Iraqis keep up their defiance

BAGHDAD

PRESIDENT Saddam Hussein ordered his Gulf War troops to cease fire yesterday, but few Iraqis found reason to celebrate, Reuter reports from Baghdad.

Iraq, which announced its full withdrawal from Kuwait on Wednesday, maintained a defiant tone. "Iraq is the one in control and victorious...Iraq is the master of the whole land and the leader of Moslems in the whole world," one commentary said.

Iraqis faced the task of reconstruction after six weeks' punishing air raids in sombre mood. "How can we rebuild our country, how can we do business if the economic embargo is to continue?" asked one businessman.

Some Baghdad residents congratulated each other quietly on hearing of the ceasefire on foreign radio stations. Outside the al-Rashid hotel, a few fired rifles in the air. A lone soldier raised his hand in the victory sign.

"Orders have been issued to our armed forces on the front not to open fire," a military communiqué said. "We are happy with the end of the fighting, for it will save our sons' blood and the safety of our people."

The communiqué was the first Iraqi reaction to a 0500 GMT ceasefire announced by President George Bush. It was broadcast on Baghdad Radio three hours after the allies said guns had fallen silent across the battlefront.

The allied bombing of Baghdad stopped barely an hour before the ceasefire took effect. The final blast, apparently from a cruise missile, shook the city at 6.50 a.m. (0350 GMT) and was followed by a few seconds of anti-aircraft fire.

A military spokesman said that despite the ceasefire, allied planes "continue to fly provocatively in the far ends of the homeland's skies". The official Iraqi news agency INA said Iraq had accepted without conditions all 12 UN resolutions adopted since its invasion of Kuwait in August.

The resolutions include a trade ban, an end to Iraq's claim on Kuwait, and payment of war damage to Kuwait. "Iraq is a rich oil country, but war reparations are a very heavy burden. We need money to rebuild our country," a civil servant in Baghdad said.

Non-stop bombing of Iraq over the last 42 days has severely disrupted infrastructure, destroying power stations, bridges, factories, government buildings and telecommunication systems.

"Mr Bush had a plan to fulfil and he thinks he has done it," one Iraqi shopping in Baghdad market said. "For Iraqis, the plan is not completed. It is to have victory. I think we can do it in the future."

One graduate said: "At least we were able to confront the armies of 30 nations for 40 days despite the heavy damage done to our country".

An Iraqi army spokesman said Iraq's élite Republican Guard had engaged allied forces in battle on Wednesday, inflicting heavy losses.

Jordan appeals for healing of the wounds of war

AMMAN

JORDAN yesterday appealed to Arab countries to "heal the wounds" caused by the Gulf war, signalling clearly the urgency with which the government is seeking to end its diplomatic isolation now that peace has been achieved, Mark Nicholson writes from Amman.

However, Mr Taher al Masri, Jordan's foreign minister, acknowledged yesterday that the kingdom, which though formally neutral was one of few Arab countries to pledge strong support for Iraq during the conflict, faced a difficult task in mending fences with Arab states in the anti-Iraq coalition – particularly the Gulf states.

"It is not an easy shot for us," he said, in what amounted to an appeal for conciliation with the Gulf states. "The rift is so deep, the difficulties so great and the time so great – more than seven months – but we will work in that direction."

Mr al Masri also expressed the hope that relations with the US and Europe could return to their former cordiality, saying: "We are looking to see how we can open a new page."

Jordan's immediate appeal to mend relations with its Arab neighbours springs in part from straightforward political expediency, but also from the country's desperate need to resume economic ties with Arab states, upon which Jordan has traditionally been heavily reliant.

The cost to Jordan of its ruptured relations with the Gulf states in particular could run to billions of dollars in lost aid money and remittances from the 250,000 Jordanians who fled their work in Kuwait and other Gulf states in August and September last year to return home.

This lost income only compounded the already devastating economic damage wrought on the economy by Jordan's adherence to the economic embargo against Iraq – its biggest trading partner.

Saudi Arabia sharpened Jordan's economic isolation from the Gulf in September by cutting its oil supplies in a diplomatic rebuke for the kingdom's pro-Iraq stance, under the pretext that Jordan was lagging in its payments.

However, diplomats in Amman are deeply pessimistic about the prospect of any early reconciliation with Saudi Arabia. They suggest that King Fahd's sense of betrayal over King Hussein's decision to back Iraq may take years to heal. King Hussein is understood twice to have sought contact with King Fahd since the war began, and to have been twice rebuffed.

However, Jordan's isolation in the Arab world is by no means absolute, and there have been signs in recent days that some diplomatic bridges are already being built.

The most notable of these is the arrival in Amman this week of an Iranian chargé d'affaires for the first time in 10 years, following Jordan's restoration of diplomatic ties with Iran on January 15. Iran's embassy in Amman opens formally tomorrow and an ambassador to Jordan will be named within a month.

The resumption of ties has already led to a \$66m (£34.3m) deal for Jordan to export phosphates to Iran, and holds open the prospect that Tehran will supply oil to the kingdom, which had been relying on Iraq for its crude.

Syria and Yemen have also begun supplying Jordan with oil since the outbreak of war and Oman this week agreed to supply limited quantities of crude.

However, although Oman is the first Gulf state to make such a friendly gesture towards Jordan, the sultanate is not expected either to seek or to be able to play any great role in brokering a diplomatic peace between the kingdom and the Gulf. Oman's own relations with Saudi Arabia, for instance, possess their own coolness.

A likelier broker of any such peace could be Egypt, where the government of Mr Hosni Mubarak is understood to be prepared to bury its admittedly deep differences with King Hussein. Cairo is seen by many here as Jordan's most likely and most valuable potential ally during post-war Arab diplomacy, and in particular as a counterweight to the influence of Syria, whose relations with Jordan have historically been fraught with suspicion.

Hurd calls in Washington for progress on Arab-Israel problem

Different conferences for different issues

By Robert Mauthner, Diplomatic Correspondent

LONDON

BRITAIN does not favour a big peace conference dealing with all regional issues in the Gulf following the end of the war against Iraq, British officials said yesterday.

Different issues, such as a new security system for the Gulf, the control of weapons of mass destruction and the whole Arab-Israel problem, would probably have to be discussed at separate conferences and not all at the same time.

A new Gulf security system, for instance, could come into being before the Arab-Israel problem was solved. The present negotiations among members of the Gulf Co-operation Council, Syria and Egypt could lay the foundations of such a regional security system.

Though Britain is prepared to contribute air and naval units to a collective security system, if requested to do so by the states in the region, it has no intention of maintaining any permanent land forces in the region.

During his talks in Washington with President George Bush and Mr James Baker, the US secretary of state, on Wednesday, Mr Douglas Hurd, the British foreign secretary, is understood to have urged early and urgent consideration of the Arab-Israel problem.

Progress towards solving this problem was crucially important for the future peace of the area, he said at a press conference. "We must make collectively a big effort to solve it, using the fact that the whole area has had a shock and maybe the shock will enable people to think afresh and to think perhaps more constructively."

In his talks in the US, Mr Hurd reiterated Britain's position that, while Israel had the right to live in peace with her neighbours behind secure borders, the Palestinians were entitled to self-determination. That meant bringing to an end the occupation which Israel "imposes on them".

The foreign secretary also emphasised that Britain believed it would be useful to hold an international conference on the Palestinian problem "at the right time".

Such a conference had to be carefully prepared so that the necessary participants would attend it. It was also important that Israel and the Arab states who were technically at war with her should start to think constructively about preparing for a lasting solution.

Regarding the immediate aftermath of the war, Britain believes it will be necessary to maintain at least some sanctions against Iraq until a peace settlement has been reached. The payment of compensation by Iraq stipulated in one of the UN Security Council resolutions was closely linked to the continuation of sanctions because oil revenue was one of Iraq's main means of payment.

Mr Hurd sees a possible linkage between the resumption of oil trade and payment of compensation by Iraq to countries and individuals which suffered from its occupation of Kuwait.

Bessmertnykh calls for fresh approach to problem

MOSCOW

MR Alexander Bessmertnykh, the Soviet foreign minister, yesterday called on all states with interests in the Middle East to "take a fresh look at their stereotypes" on the area and search anew for a solution to the basic causes of the conflict in the aftermath of the Gulf war, John Lloyd reports from Moscow.

"We believe that the problem lies not in the lack of ideas concerning a settlement but in insufficient will, desire or readiness of some influential states to invest their political efforts in adequate solutions," he said. The issue of the rights of the Palestinian people, he said, were at the core of the problems.

Mr Bessmertnykh, who was careful to underline the key role played in the resolution of the conflict by the personal diplomacy of Mr Mikhail Gorbachev, the Soviet president, aimed his remarks at a press conference yesterday at establishing the Soviet Union's right to play a key role in the post war settlement.

His line was echoed by Mr Anatoly Lukyanov, speaker of the Supreme Soviet, who said: "There is no doubt that this is a great victory for the foreign policy of our president."

Mr Bessmertnykh welcomed the end of the conflict, heralding the co-operation of the allies and other states as a precedent for use in other parts of the world.

"For the first time the international community has shown unified will in the face of the seizure of one state by another."

He said that there must now be "no possibility of a resumption of armed conflict", and called on the United Nations Security Council to begin work immediately on creating "political and legal prerequisites for the ending of the war".

Asked if he agreed with Mr Gorbachev that relations between the US and the the Soviet Union were still "fragile", he said that they had a "firm basis for their development", but were sometimes affected by "subjective factors, still capable of causing damage".

Mr Vitaly Ignatenko, the presidential spokesman, said to the official news agency Tass that "today, Soviet-American relations are based on confidence. Ties between the US and the USSR are solid, they maintained unceasing contacts at all phases of the conflict. The heads of our foreign political institutions maintained similar ties."

Mr Bessmertnykh called for "serious attention" to be given to further arms supplies to the region, but he indicated that the Soviet Union would not unilaterally cease such supplies.

Asked if the Soviet Union had an interest in the survival of President Saddam Hussein, he said: "We have to deal with Iraq, and the leaders whom the Iraqi people support. My impression is that their support for their present leaders has not yet changed.

"We believe that to predetermine our attitude to one leader or another regardless of the sovereign right of the people would be an interference."

Moscow claim to diplomatic victory wins little support

UNITED NATIONS

MOSCOW'S claim to a big diplomatic success in bringing Iraq to accept all 12 Security Council resolutions adopted in the Gulf crisis found few supporters in the United Nations yesterday, Michael Littlejohns writes from the United Nations in New York.

Still, several delegates said that efforts by President Mikhail Gorbachev and Mr Alexander Bessmertnykh, his foreign minister, at the bargaining table helped to speed a victory that was achieved by good generalship and the superior skill and equipment of the allied forces in the field.

A western diplomat said the Soviet negotiators managed to get the Iraqis "to begin to slide", as he put it, attaining a good deal more than Moscow may have been given credit for in news reports that have tended to emphasise allied fears of mischief-making in the Kremlin.

Moscow appeared to be looking to the longer term and their relations with Iraq and the rest of the Arab world. Many in the UN believed they were eager also to save President Saddam Hussein, whose overthrow was not a Security Council goal but would be mightily welcomed in Washington.

There is much speculation whether Moscow will, in fact, draw lasting political benefit from its lengthy diplomatic foray, for which Sir David Hannay, the British delegate, formally thanked Mr Gorbachev, calling it a "herculean" effort.

A Western European official said yesterday that he doubted whether the Soviet Union would have any greater say in the Middle East after the war than it had before.

As for a resumption of their lucrative arms trade with Iraq, the expected continuation of the embargo imposed by the Security Council immediately after the invasion of Kuwait would crimp any such ambition for the immediate future.

"I can't think of any Arab state that would even want to buy, having observed the performance of Soviet armour," a UN official said.

The Soviet Union now is expected to press for an early attack on other Middle East problems, especially the Palestinian question. Mr Bessmertnykh has an important ally there in the person of Mr Roland Dumas, the French foreign minister.

He made his views plain yesterday. After conferring in New York with Mr Javier Pérez de Cuéllar, the UN secretary general, Mr Dumas called the Palestinian problem "the main question in that region" and one that must be tackled seriously and soon.

The Soviet Union was among the first to call for an international conference on Palestine, which the UN General Assembly has repeatedly endorsed and Mr Pérez de Cuéllar believes to be more imperative than ever. For its part, the US has been inching towards acceptance of the idea, which Mr Saddam tried in vain to link to a settlement of the Gulf conflict before the land war began.

Throughout the Soviet diplomatic exercise, begun in a bid to avert allied ground operations, the UN often received confusing and sometimes contradictory signals.

For example, in Moscow on Wednesday Mr Aleksander Belonogov, the Soviet deputy foreign minister, called for a ceasefire on the proposition that Iraq accepted UN terms, while in New York Mr Yuliy Vorontsov, the Soviet ambassador, was agreeing with the US, Britain and France that Baghdad's response fell short of full compliance.

Although the White House and Whitehall have been accused of telling white lies in claiming to have welcomed the Soviet initiative, British officials insisted yesterday that speculation about any split was wildly off.

In the final stages, western diplomats went out of their way to praise what they called the careful Soviet handling of negotiations. One delegate observed that, if Moscow was trying to win "brownie points" with the Arabs, the allies were not in the business of trying to knock it.

THE GULF CEASEFIRE

Baker to strike on the diplomatic front while the spectre of US military power is still fresh

Bush looks beyond victory to tackle turmoil in Middle East

By Lionel Barber

PRESIDENT George Bush is already looking beyond victory. Eager to exploit the crushing allied defeat of Iraq, he is sending Mr James Baker, his secretary of state, to the Middle East next week for talks on post-war security arrangements, economic reconstruction and the Arab-Israeli conflict.

Mr Baker is likely to pay his first-ever visit to Israel. This will cause great unease in Jerusalem, but it reflects the Bush administration's determination to tackle the problem which many believe lies at the root of instability in the region: the Israeli occupation of Arab territories and the absence of a Palestinian homeland.

Both Mr Bush and Mr Baker agree that it is vital to strike diplomatically while the spectre of US military power is fresh in everyone's minds – not just in Baghdad but also in Damascus, Riyadh and Kuwait City.

During his mission, Mr Baker will explore plans for demilitarised zones along the Iraqi/Kuwaiti border, bolstered by an Islamic peace-keeping force drawn largely from the Gulf states and Egypt.

The elimination of Iraq's offensive forces has made this task a good deal easier and enabled US field commanders to predict bringing home the bulk of the 535,000 force in a matter of months.

But much work needs to be done on the size and shape of the multinational force; one worry in Washington is that the Kuwaiti government in exile and other Gulf states have been slow to come up with their own ideas, raising questions about whether the Arabs will take the lead.

In the longer term, Mr Baker wants to sound out coalition allies on an arms control regime in the region aimed at curbing the proliferation of chemical, ballistic and other weapons. Egypt is already preparing a post-crisis initiative, and Mr Yitzhak Shamir, Israel's prime minister, has talked about a regional nuclear free zone.

Security questions cannot be settled conclusively until the future of President Saddam Hussein becomes clear.

As the scale of the Iraqi military defeat dawned in Washington, Mr Bush dampened down his earlier call for Mr Saddam to be overthrown. The focus has shifted instead to shaping the regime in Baghdad through indirect means.

"He's dropped the John Wayne image and turned more statesman-like," said Ms Judith Kipper, a Middle East expert at Brookings Institution in Washington DC.

After talks with Mr Douglas Hurd, the British foreign secretary, Mr Baker told reporters that several United Nations sanctions – notably the arms embargo – would remain in place as long as Mr Saddam remained in power.

The question remains how hard to push. Mr Baker will be searching hard to determine just how magnanimous the Arab members of the coalition intend to be in victory. One tricky question concerns war crimes trials for the reported Iraqi atrocities against Kuwaiti civilians; another is the war reparations.

Mr Baker will also want to test Arab sentiment towards parties such as Jordan and the Palestine Liberation Organisation which tilted towards Mr Saddam early in the the war.

The administration's best guide to date has been Prince Bandar Bin Sultan, the Saudi ambassador in Washington. Six weeks into the war, Prince Bandar delivered an unusually vindictive public attack on King Hussein of Jordan in the Washington Post, and Saudi Arabia refused to offer financial support to Jordan, which was hard-hit by the UN embargo against Iraq.

Recently, however, Prince Bandar has indicated that his country may be ready to be more constructive. On the Arab-Israeli conflict, one option under review is to help press Israel toward a compromise with the carrot of a promise to end the Arab boycott of Israeli products.

Mubarak: preparing inititative; Shamir: talk of nuclear-free zone; Baker: formidable challenge; Prince Bandar: ready to be constructive; Assad: more vulnerable

The US appears to be banking on a moderate Arab coalition emerging out of the war which would force Israel to be more forthcoming on the Palestinian issue. Egypt fitted this category before the war. It would gain even more authority were Saudi Arabia to step forward. All the better, if Saudi financial support followed.

Syria forms the third leg of the triangle. No one in the administration would call President Assad a moderate, but the US hopes that the Syrian president will cut his ties to international terrorists and drop his unrelenting hostility to Israel – not least because Damascus is more vulnerable now that it can no longer rely on generous financial support from Moscow.

Hence, Washington has extended a wary hand to Syria in recent months. Mr Baker is even said to have talked in general terms about a demilitarised zone along the disputed Golan Heights. Sensing the drift, Israel has reportedly held two high-level meetings with Syrian representatives in Switzerland.

All this suggests a fluidity in the Arab-Israeli conflict which has not existed for a decade. The Gulf war has shaken everything up even further – it has been as defining a moment, in its own way, as the visit by President Anwar Sadat of Egypt to Jerusalem in 1977 which paved the way to the Camp David peace accords.

But in the last resort, much turns on the Bush/Baker approach to the Israeli government and the response of Mr Shamir and his colleagues. Here the initial signs are not encouraging, despite Israel's forbearance in the face of Iraqi Scud attacks.

Mr Bush still feels he was misled by Israel over its policy of opening new settlements in the occupied territories. He and Mr Baker were livid when the Israeli ambassador in Washington sought to put public pressure on the administration for the release of a $400m loan guarantee for housing in the occupied territories.

This past incident was typical of the mutual suspicion which has developed between the Bush administration and the Shamir government. Mr Baker's best bet may be to persuade the Israelis that it is better to deal with the devil they know – the US – than those such as the Europeans who are pressing for an international peace conference. It is a formidable challenge, not only for him but for US diplomacy.

Major calls on Iraqi people to oust Saddam

By Ivor Owen, Parliamentary Correspondent

IRAQ should be treated as "an international pariah" while President Saddam Hussein continues in power, Mr John Major,the British prime minister, said yesterday.

He described the success of the American-led coalition in liberating Kuwait and ensuring that Iraq's forces no longer constituted a threat as "one of the most remarkable military campaigns of recent years."

With support from all quarters of the House, Mr Major stressed that the regime of Saddam Hussein had been the enemy and not the people of Iraq.

He said: "I very much hope that his own people will deal with him in the way he so richly deserves".

Mr Neil Kinnock,the Labour leader, underlined the significance of the coalition's victory in enhancing the authority of the United Nations as an instrument for preventing aggression and promoting peace.

The prime minister confirmed that Iraq would be required through the UN to give a commitment to destroy all its ballistic missiles and weapons of mass destruction. The allied air strikes had effectively destroyed Iraq's chemical, biological and nuclear capacity, he said.

Mrs Margaret Thatcher, in her first intervention since resigning the premiership last November, joined Mr Major in praising the leadership of President George Bush.

She also complimented Mr Major on his firmness of purpose said President Bush had continued with his task until it was well and truly achieved.

Mr Major recalled that when Kuwait was invaded in August Mrs Thatcher played a leading role in swiftly putting the international coalition together.

The prime minister emphasised the importance of securing "an Arab peace" for Arab lands. He was responding to a call by Mr Paddy Ashdown, leader of the Liberal Democrats, for Middle East peace to be constructed around the UN.

Mr Major envisaged that "a whole series of meetings and events" and not a single conference would be required to deal with the Palestinian problem and all the issues involved.

Labour backbenchers who opposed the use of force against Iraq heckled Mr Pat Duffy (Labour) when he claimed that the "faint hearts" in Britain, like those on Capitol Hill, had been routed.

Mr Tony Benn (Lab Chesterfield), one of the most outspoken critics of the war, pressed for an inquiry into its origins, including those responsible for supplying arms to Saddam Hussein.

Mr Major told Mr Benn to remember that it was Saddam Hussein who started the conflict, and contended that no one could have sat idly by as the atrocities against the Kuwaitis became known.

France to push for peace conference

By William Dawkins in Paris

FRENCH politicians across the spectrum greeted the ceasefire with predictable relief, but they wasted no time in calling for an international peace conference on the Arab-Israeli conflict.

France would be pushing harder than ever for "one or several international conferences" to try to find a peaceful solution to the region's problems, said Mr Pierre Joxe, the new defence minister. Mr Roland Dumas, the foreign minister, flew yesterday to the US, to meeting Mr Javier Pérez de Cuéllar, the UN secretary general and President George Bush.

Announcing the re-opening of the French Embassy in Kuwait, Mr Joxe said France was ready to leave its forces in the region to help guarantee peace for as long as needed.

Mr Jacques Chirac, president of the opposition RPR Gaullist party, echoed the Government's sentiments, warning that the coalition must now "win the peace" and that France had an "eminent role" to play in the process.

Elsewhere, public figures were seeking to draw the lessons the conflict posed for France as the world's third largest arms supplier and for the country's high proportion of Arab residents. It was essential "not to start again the simple attitude to the arms trade which had brought us to the situation we have known in the Gulf," Mr Michel Rocard, the Prime Minister, told the parliamentary foreign affairs committee. He added that the fate of Saddam Hussein should be left to the Iraqi people to decide.

News agency interviews with the Moslem communities in Paris and Marseille betrayed a mixture of relief and anxiety, with several residents voicing sadness at the humiliation of an Arab nation.

About 1.8m people in France are of Arab or North African origin, a matter of some sensitivity in a country where the extreme right wing National Front holds about 15 per cent in the opinion polls. Mr Jean-Marie Le Pen, National Front president, yesterday insisted that the war could have been avoided and the region's problems solved by non-military means.

The FNMF national Moslem federation welcomed the end of hostilities but "deplored that this had not happened earlier," blaming both Mr Saddam and the coalition. It called on the allied forces to enforce all UN resolutions while they were in the region, and then to leave immediately.

US pushes for write-off deal on Polish debt

By Stephen Fidler, Euromarkets Correspondent

A STRONG political effort is under way to secure an agreement to write off a large proportion of Poland's debt to foreign governments by the end of this month.

A standstill on Poland's repayments of its $33bn (£16.6bn) of official debt runs out at the end of March. The US is anxious to secure a deal before President Lech Walesa visits the US later this month.

Polish voters are seen as an important political constituency on Capitol Hill and debt forgiveness for Poland has been tied by influential legislators to other issues, for example the formal ratification of the London-based European Bank for Reconstruction and Development.

The Warsaw government, which recently secured agreement in principle with the International Monetary Fund on a $2bn extended credit, has asked for 80 per cent of its debt to be written off. The efforts, being made under the auspices of the Group of Seven industrialised countries, are likely to result in a smaller write-down: probably 50-60 per cent.

While the US has been leading the way with the initiative, its outstanding debt is relatively small. Other countries, particularly Germany with its larger exposure, have been less enthusiastic. Nevertheless, there is a widespread view in the G7 that Poland should be supported in its efforts at economic reform and that Polish economic success is now even more critical given the economic deterioration of the neighbouring Soviet Union.

The effort centres on a small group of G7 finance officials, including Mr Jean-Claude Trichet, who as director of the French Treasury is chairman of the Paris Club of creditor governments.

Progress over an agreement should help advance an accord with creditor banks. The Polish government has told banks it is willing to pay some current interest on its debt for the first time in over a year.

Government officials are meeting in Switzerland this week with creditor banks of the UK.

The talks seem likely to lead to a debt reduction deal under the initiative named after the US treasury secretary, Mr Nicholas Brady.

Mr William Rhodes, senior international executive of the US bank Citicorp, said he had discussed the debt issue with Mr Jan Krzysztof Bielecki, the Polish prime minister. He said Mr Bielecki had expressed a wish to secure rapid agreement on the foreign debt and to make swift progress on privatisation.

A report from the Organisation for Economic Co-operation and Development this week commented on banks' unwillingness to lend to east Europe. Mr Rhodes predicted that "banks will return slowly to eastern Europe where there is substantial structural reform and a rapid move towards privatisation."

National security team: President Gorbachev's nominations are Soviet defence minister Dmitry Yazov (left), KGB chairman Vladimir Kryuchkov (centre) and interior minister Boris Pugo

Howe warning on EC 'split'

By David Buchan in Brussels

GERMANY will quickly lead its immediate neighbours into a currency union on its own terms unless Britain and other countries accommodate its concerns about economic and monetary union (Emu).

This warning was sounded yesterday by Sir Geoffrey Howe, the UK's former deputy prime minister, in a speech to Britain's Institute of Economic Affairs in Brussels.

Sir Geoffrey said that playing "both motor and anchor in Europe" was making the Germans schizophrenic about Emu.

They wanted a long transition to Emu to allow economic convergence with all 11 Community partners, but were also tempted to make one big "long jump" to avoid the risk of competing monetary policies inherent in the Delors stage-by-stage approach.

One way out of these cross-pressures on Bonn, said Sir Geoffrey, was "an early move by the already convergent economies of northern Europe to form some kind of German-led currency zone", with the UK and southern Europe outside.

This has been predicted on occasion by Mr Karl Otto Pöhl, the Bundesbank president, and sometimes welcomed in Britain as removing pressure on it to join a full monetary and economic union.

But splitting the Community into two monetary tiers, Sir Geoffrey said, "should be seen as significantly less attractive to the UK than full Emu as currently envisaged, especially as it would occur in a much shorter timetable".

Britain therefore had a self-interest in "keeping the Germans" interested in Emu for all 12 members, he said, by perhaps modifying its hard Ecu plans more to please Bonn.

He also warned that some academics and politicians had lost faith in the EC's various goals of union. He said that their fears were fuelled by the economic recession, the EC's foreign policy during the Gulf crisis, Germany's loss of momentum as the powerhouse of the European economy, and the resurgence of old problems like the reform of the Common Agricultural Policy.

But he pointed out that people only had to look at the alternatives to union in order to appreciate its long-term worth.

Sir Geoffrey Howe

French concern over Bonn Emu proposals

By David Marsh in Bonn

FRANCE will seek a "frank explanation" from Bonn during the next week regarding the German government's latest proposals on European Monetary Union (Emu), Mr Pierre Bérégovoy, the French finance minister, said in Paris yesterday.

Although French officials played down last night French unease over Bonn's proposals for an Emu treaty, Mr Bérégovoy made clear that he expected Germany to compromise on some key points on the suggestions released this week in Brussels.

The opportunity for a Franco-German exchange on the issue will come next Tuesday in Paris, when Finance Ministers and central bank officials from the two countries meet at the bilateral Paris-Bonn Finance Council.

The body, designed to convene every three months, has not met for five months – interpreted in Germany as a sign that the French are losing interest in the Council as a means of putting pressure on the Bundesbank's monetary policies.

Mr Bérégovoy said yesterday that France wanted to establish whether the German government's suggested delay in the creation of a European central bank was a policy backed by Chancellor Helmut Kohl.

The finance minister indicated that he thought the suggestion might simply be a "discussion paper" from the Bonn Finance Ministry.

In fact, Bonn officials say the draft text released on Tuesday was approved not by Ministers but by state secretaries. The text was discussed a fortnight ago by the Bundesbank's policymaking council.

Although the central bank did not give it formal approval, it is understood that the text was fully in line with the Bundesbank's thinking.

Gorbachev appoints party official as economic adviser

By John Lloyd in Moscow

PRESIDENT Mikhail Gorbachev has appointed a middle-ranking Communist party functionary as his economic adviser, confirming his increasing reliance on the party and his split with the radicals.

The new adviser, whose name has not yet been officially announced, is Mr Oleg Ozherilev. For the past two years he has been head of the science division in the ideology department of the party central committee, and was previously an official in Leningrad.

Little is known of Mr Ozherilev's views, though a spokesman for the presidential office said he was a trained economist. Economists in the many institutes in Moscow – a notoriously critical group – dismissed him as a man who would offer the president nothing he did not want to hear.

The previous economic advisers, Mr Nikolai Petrakov and Mr Stanislav Shatalin, were economists of a convinced pro-market view, both of whom left the presidential entourage late last year after Mr Shatalin's plan for a transformation of the economy to the market in 500 days lost out to a conservative strategy.

However, Mr Gorbachev has denied that he is leaving behind his radical allies. In an account in the hard-line daily Sovetskaya Rossiya of a speech he gave on Tuesday in Minsk, the Belorussian capital, he was reported as saying that he had asked Mr Vadim Bakatin, the former, liberal, interior minister to join his security council. That body is to take the place of the presidential council, disbanded last year.

The paper also quotes the president as saying he is retaining as an adviser Mr Alexander Yakovlev, for years his staunchest ally in the politburo, and that Mr Eduard Shevardnadze, the former foreign minister, had resigned against the president's will but that "I did not see any way I could force a man who occupied this highest of posts to fulfil his duties."

He dismissed suggestions that he had concentrated all power in his own hands as "nonsense".

Morgan Grenfell to assist in development of Vladivostok

By Peter Montagnon, World Trade Editor

MORGAN GRENFELL, the UK merchant banking subsidiary of Germany's Deutsche Bank, has been appointed by the Vladivostok authorities in the Soviet Far East to advise them on developing the local infrastructure and economy. The decision marks a concrete step towards opening the resource-rich Maritime province to foreign investors and developers.

The UK bank said its initial role would be to structure and arrange project finance. It had already begun work on telecommunications, airport and port developments.

Though its agreement is with the regional authority, the bank said the Soviet central government had already given the area priority for development. It was keen to develop autonomous economic zones there and had established an experimental one at Nakhodka in the Maritime province.

Until recently, Vladivostok was closed to foreigners, as it is the main base for the Soviet Pacific fleet. But there is strong interest from investors in Japan, South Korea and other neighbours in developing the province's resources, which include coal, timber, silver, tin and precious stones.

Vladivostok is also expected to develop as a transit point for the export of mineral resources from Siberia and Central Asia to the markets of the Pacific Rim.

Morgan Grenfell acknowledged yesterday that, despite strong interest in developing the region, current market conditions meant that foreign lenders would still require "underpinning" by Moscow. Japanese investors are also reluctant to move before their country's territorial dispute over the *Kurile Islands* is resolved.

Eventually, a regional investment fund, limited privatisation and a Vladivostok stock exchange with ties to other exchanges in the Pacific Rim are also envisaged, it said.

EUROPE IN BRIEF

EC to set up group for HDTV

The European Commission has set up a working group of broadcasters, satellite operators and industry representatives to examine the different routes to high-definition television (HDTV) in Europe, writes Andrew Hill in Brussels.

Mr Filippo Maria Pandolfi, the EC's technology commissioner, said an outline agenda would include: an assessment of the prospects for the developing alternative of digital TV; an examination of any intermediate steps necessary in the evolution of HDTV; and a look at how the economic burdens of the EC strategy might be shared.

The working party will report back to the next meeting between the Commission and interest groups on March 27.

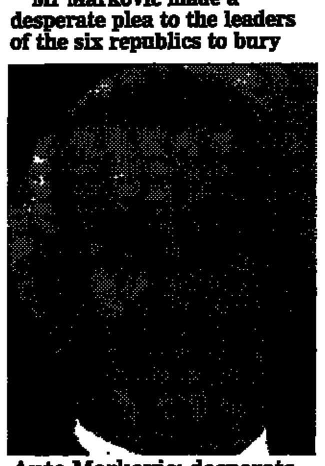
Comecon puts off meeting

A ministerial meeting of the Comecon trading bloc will not take place in Prague this weekend, the Czechoslovak Economy Ministry said, Reuter reports from Prague. Mr Vladimir Dlouhy, the economy minister, had invited other permanent representatives to Comecon, following the postponement earlier this week of a summit in Budapest that was to have wound up the 10-nation bloc.

Yugoslav PM voices fears

Yugoslavia's prime minister, Mr Ante Markovic, was quoted by the country's media as warning that the federation faces "erosion which may turn into explosion" if fractious republics fail to agree soon on the country's future, AP reports from Belgrade.

Mr Markovic made a desperate plea to the leaders of the six republics to bury feuds and agree to keep the paralysed federation going.



Ante Markovic: desperate plea to leaders of republics

Mr Markovic reportedly said the International Monetary Fund had stopped all negotiations with his government on a much-needed $1bn standby agreement.

Airlines may co-operate

Lufthansa and American Airlines, two of the world's largest airlines said they were exploring business co-operation in the area of marketing, AP-DJ reports from Frankfurt.

This would begin with the operation of a joint service between Chicago and Munich and Düsseldorf in Germany from May 16.

Former Czech chief indicted

Mr Vasil Bilak and seven other prominent former Communist officials have been indicted on charges of embezzling millions of dollars, according to the Lidove Noviny daily, AP reports from Prague.

According to the report, Mr Bilak, the Communist party's former chief ideologue, and the seven officials are indicted on charges of syphoning off party funds and moving them out of the country, as well as instructing others to abuse official power.

Soviets accused of treaty delay

The Soviet Union has made no move to change its position and comply with a new arms control treaty slashing military hardware in Europe, a senior Nato official said, AP reports from Brussels.

"The Soviet stance is exactly the same," said the official, who demanded anonymity. "There are no indications they will soften that stance."

The United States and its allies contend the Kremlin is trying to skirt the new treaty on Conventional Armed Forces in Europe, by transferring three motorised infantry divisions of about 1,000 tanks to shore defences.

"It is agreed that we will keep on the pressure," said the Nato official. "It is still the attitude of no-business-as-usual in Vienna."

Satellite link to Latvia set up

The Norwegian news agency, NTB, opened a satellite link to Lithuania's Elta news service to help increase the Soviet Baltic republics' flow of information from the West, reports AP from Oslo.

NTB said it is the first agency in Europe to transmit its news wire to a subscriber by satellite.

Elta, which had heavily depended on the Soviet government news agency Tass, can now add reports from the national news services of Norway, Sweden, Denmark, Finland, and Iceland, NTB announced.

Romanian leu climbs in value

The dollar fell by more than 10 per cent in the last two days in limited bank trading designed to set a realistic level for Romania's national leu currency, the state news agency Rompres said, AP reports from Bucharest.

The report said yesterday's rate was fixed at 203 leu to the dollar, down from 225 on Tuesday. On Wednesday the leu traded at 210 to the dollar.

The official rate of the leu at Romania's central bank is still 35 lei to the dollar but the black market rate has recently surged to around 200 leu.

Albania allows private cars

The Albanian government has approved a decree allowing its people to own cars for the first time in over four decades, the official ATA news agency reported, Reuter reports from Vienna.

Albania is the only country in Europe to have banned private motoring.

ICL system to help speed trade

By Alan Cane in London

THE SOVIET Trade Ministry is buying a UK-designed electronic information system as a first step to automating its administrative procedures inside the country.

The ministry, whose responsibilities include registration of Russian trading companies, collection of statistical data on sales and prices and the production of import and export documents for Soviet customs, is spending $3m on an electronic data interchange (EDI) system developed by International Computers (ICL).

EDI is one of the fastest growing business technologies in western commerce. It involves a computer network through which trade documents such as orders and invoices can be sent in electronic form. The idea is to reduce paperwork, speed the processing of trade documents, and cut the risks of lost or mislaid documentation.

For the Soviet contract, ICL will install its Tradanet software on three small mainframe computers serving personal computers in some 200 branches. It is believed to be one of the first contracts of its kind to be signed in the Soviet Union. ICL, a member of the world-wide Fujitsu group, was in 1968 the first western computer company to be accredited to trade in the Soviet Union.

The Tradanet software system is the principal product of International Network Services, an EDI company owned jointly by ICL and General Electric Information Services of the US. INS claims to have 39 per cent of the European EDI market. The Soviet EDI network will initially be limited to within the USSR.

Brussels queries value of Daimler Berlin HQ

By Andrew Hill in Brussels

THE BERLIN authorities may have sold Daimler-Benz a site near the old Berlin Wall for less than its market value, according to the European Commission, which is calling for an independent valuation.

The German company, seeking an HQ for its service operations, began talks with the city before the Wall was torn down.

It bought the 61,700 squ metre site in Potsdamer Strasse, in the heart of the city, for DM92.9m ($61.1m) last July, after valuation by the local authority's valuers, the Senatsverwaltung für Bau- und Wohnungswesen (SBW).

A Commission official said yesterday that local controversy about the deal had prompted Brussels to look into the sale, on the grounds that undervaluation would constitute a form of state aid from the Berlin Land (state). Under EC Treaty rules the Commission can oppose a cut-price sale on the grounds that it constitutes aid giving an unfair competitive edge over rivals.

The Commission has also asked the German authorities to nominate an independent body to carry out a second survey. The official said it was not clear if there had been an error, or if the Land had deliberately under-valued the site. "Our suspicions may be proved unfounded," he said.

On existing evidence, the Commission said, it was not satisfied SBW's principles and procedures in this valuation were in line with German law on the sale of publicly owned land. "Some important assumptions" behind the survey, such as an assessment of the services available, might have led to undervaluation.

Daimler-Benz intends to spend DM1bn on the development – half the budget earmarked by the company for expansion in east Germany.

Greek Communists select hardliner

By Kerin Hope in Athens

The Greek Communist party has surprised its supporters by choosing an outspoken hardliner, Mrs Aleca Papariga, as secretary-general after several days of intense internal debate.

Mrs Papariga, a 46-year-old party official, narrowly defeated the reformist candidate in a central committee vote. She defeated Mr George Dragasakis, who served briefly as economy minister in a 1989 coalition government.

Although considered a strong theoretician, she was not even picked as a delegate to last week's party congress. Her election marks another setback for the party's reformist wing. However, Mrs Papariga, whose candidacy was backed by the veteran KKE chairman Mr Harilaos Florakis, said she would work to keep the party united.

She also hinted that some of the reformers' demands could be met, saying that "divergent views are a source of riches in the political and social marketplace." The KKE, whose political legitimacy is based on its fight for power in the Greek civil war in the late 1940s, has managed to shrug off the collapse of communism in eastern Europe.

Even the reformers want to remain under a Marxist-Leninist ideological umbrella while making the party's internal structure more democratic.

It is still unclear whether the 76-year-old Mr Florakis, who told the congress he wants to resign but then played a major role in defeating the reformers, will stay on as an honorary chairman.

Uruguay Round negotiators limp towards another hurdle

A collapse has been avoided in Geneva, writes **Peter Montagnon**, but there could be problems in Washington

THE IMMEDIATE crisis over farm subsidies, which brought the Uruguay Round of multilateral trade talks to a juddering halt last December, has passed. Serious difficulties, however, remain.

This is the message from the low-key resumption of the talks in Geneva this week, just in time for the Bush administration to ask Congress to extend its negotiating authority, which runs out today.

All the most difficult political decisions, not only over farm reform but in other areas too, have yet to be taken. There is a common belief that a push for a successful Uruguay Round is part of the new world order, mooted in the wake of the Gulf war. But, now the original deadline has been missed, a growing number of trade officials believe it could be 1993 before the round is finally complete.

The tight four-year timetable, enshrined in the congressional negotiating authority, once seemed an attractive way of keeping pressure on participants to tackle the many sensitive issues which had to be addressed in the overall interests of trade liberalisation.

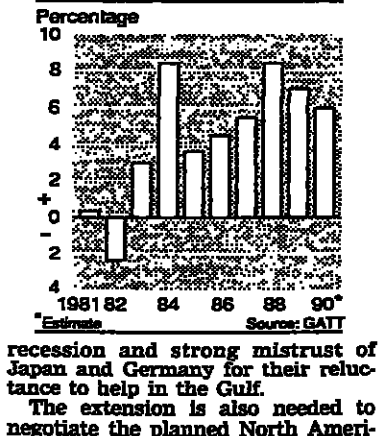
Yet it was also a gamble that failed, with the acrimonious row over farm reform at the ministerial meeting in Brussels last December. Since then, the main focus has been on trying to prevent an irrevocable collapse rather than trying to resolve the issue of farm support.

This primary task has now been achieved and President George Bush has said he will today seek an extension request from Congress for his negotiating authority. But that has immediately raised another make-or-break hurdle. Congressional reaction is highly unpredictable.

The so-called "fast-track" negotiating authority is vital for the Uruguay Round. It effectively constitutes a guarantee that Congress will not amend unilaterally any final package presented for ratification.

US legislators may well turn out to be in a benevolent mood in the aftermath of the Gulf war. Many shrink anyway from being tarred with the brush of Smoot-Hawley, the protectionist legislation which did much to accentuate the depression of the 1930s. But there is also growing concern on Capitol Hill about the recession and strong mistrust of Japan and Germany for their reluctance to help in the Gulf.

Volume growth of world exports



The extension is also needed to negotiate the planned North American free trade agreement with Mexico and Canada. Opposition will thus come not only from those who are disillusioned with the multilateral trading system and want to "bash" Japan, but also from those, who, reflecting the view of organised labour, are vehemently opposed to the Mexican deal. It will come, too, from those whose interests would be hurt by a Uruguay Round success: the textile lobby, dairy farmers, as well as sugar and peanut growers.

It will take three months before the extension request, which is automatically for two years, has cleared Congress. During this period the round will effectively be mothballed. Any controversy could quickly prompt US legislators to call a halt by withdrawing the negotiating authority. Thus, it will be June before Uruguay Round negotiators can settle down to serious business again.

Most agree that this does not matter, as negotiators are also awaiting the outcome of the European Community's laborious internal efforts to reform its common agricultural policy (CAP). But, given the outstanding workload, it makes the window of opportunity for completing the round this year very small. If the talks drag on too far into the autumn, ratification of the final package would become enmeshed in the next US presidential election.

Despite its name, the "fast track" is anything but speedy. It can take up to a year from the moment a trade agreement is reached to ratify it under the fast track. By late this year the administration would be running the risk of a conflict with the presidential campaign. It would be the wrong time to lay before Congress legislation that severely upset the powerful textile industry.

Mr Arthur Dunkel, director general of the General Agreement on Tariffs and Trade, has been careful to avoid setting a new deadline for completing the round. Negotiators will look again in the summer at whether they are ready for what one British official describes as "a quick kill". Throughout the stalemate that followed the Brussels meeting, the EC, as well as many other participants such as Canada, have remained anxious to expedite the round. They fear delay could lead to the unravelling of agreements that have already been reached, forcing negotiators to start again from scratch in many of the 15 agenda items.

It is not just a question of protectionist pressures growing out of control, particularly in the US. After four years of hard slog, governments need to reassign some of the officials engaged in the talks. Ministerial faces are also changing as a result of reshuffles and changes of government. New faces mean new ideas. This could accentuate from within the tendency for existing agreements to disintegrate.

As they ponder the outlook, some negotiators are beginning to suggest that it may not be altogether a bad thing if the round did last till 1993, when the extended negotiating authority expires.

The US still needs a very substantial package of trade reforms if the result is to be sold to Congress at the end of the day. A long delay would not only allow time for the EC to agree and implement its CAP reforms. It would also leave more time for the resolution of other problems, for example the US demand that developing countries should do more to open up their markets to foreign service industries.

That would make for a stronger package, but it would require an immense effort of will to keep the talks on track even in the glow of the new world order.

Correction

Gatt photograph

Owing to agency error, names and titles to a picture on Page 7 of February 27's FT were incorrect. Mr Warren Lavorel is ambassador and co-ordinator in the US trade representative's office for Gatt's Uruguay Round negotiations. Mr Rufus Yerxa is deputy USTR and US ambassador to Gatt.

Winning party just misses overall lead in Bangladesh poll

By Reazuddin Ahmed in Dhaka

MRS KHALEDA ZIA, widow of the assassinated former ruler of Bangladesh, General Ziaur Rahman, looks the most likely next leader of the country as her Bangladesh National Party (BNP) emerged as the largest in the country's first free parliamentary elections in 20 years.

The BNP won 135 of the 298 seats contested. Polling in two of the 300 parliamentary constituencies was suspended after one candidate died of illness and another was killed by unidentified gunmen last week. The Bangladesh Awami League, led by Sheikha Hasina, won 86 seats – the second highest total.

The election commission said results for the remaining seats were expected late last night.

Thus, the BNP is 16 seats short of an absolute majority and will have to depend on support from one of the smaller parties – the Moslem fundamentalist Jamat-e-Islami, deposed President Hossain Mohammad Ershad's Jatiya party, or independents.

The Jatiya party's 35 seats came as something of a surprise. The former president resigned and was detained last December after a violent campaign to remove him won the support of the army who will not take kindly to his playing some sort of balance-of-power role in a future government. He is still in detention facing charges of corruption and misuse of power.

Mr Ershad won all five seats in his home town in Rangpur, while his former vice-president and prime minister won in their respective seats.

The swing in favour of the BNP seems to have been the result of the Awami League's tilt towards India, its commitment to secularism – which most of the country's Moslem people equate with aligning with Hinduism – and a perceived misrule by the Awami League regime when in power from 1972 to 1975 under Bangladesh's first president, Sheikh Mujibur Rahman, father of the League's current leader, Sheikha Hasina. He was killed in a military coup in 1975.

Mrs Khaleda expressed delight with the results but said she believed her party would have won even more seats if there had not been what she called irregularities in voter lists.

Sheikha Hasina said she was disappointed and accused her opposition of resorting to foul play. More than 62m people, under military rule for 14 years of Bangladesh's 20-year existence, were registered to vote. Commonwealth observers monitoring the polling called the elections generally honest.

Opposition party plans challenge to Kaunda

DELEGATES to the national convention of Zambia's Movement for Multi-party Democracy were meeting yesterday to prepare the first constitutional challenge to the leadership of President Kenneth Kaunda for 18 years, Mike Hall reports from Lusaka.

Mr Kaunda banned opposition parties in 1973, but strong domestic pressure, including demonstrations last June, forced him to permit legal opposition to the ruling United National Independence Party. Multi-party elections and a presidential poll are due later this year.

"Multi-party democracy is here to stay," Mr Arthur Wina, Movement chairman, said this week. "We are ready to take over." The convention will elect a presidential candidate and 37 shadow cabinet ministers. Mr Frederick Chiluba, 46, chairman of Zambia's Congress of Trade Unions, is a leading candidate.

● At least 500 people have died of cholera in Zambia over the past four months. About 6,000 cases have been reported.

Brittan: search for change

EC wants more open Japan, says Brittan

THE European Community wants to see firm evidence that Japan is opening its markets to non-Japanese companies, Sir Leon Brittan said in Tokyo yesterday, Andrew Hill reports from Brussels.

The European commissioner for competition and financial services said the EC would not adopt a unilateral trade weapon to persuade Japan to open its system to outsiders.

The EC preferred an "evidence of change search" rather than seeking progress through a Structural Impediments Initiative similar to that adopted by the US and Japan last year.

Sir Leon praised steps taken to open the Japanese market, such as recent guidelines on sole import agents and certain distribution practices, but "we won't really be satisfied until we see the economic effects."

He used his speech to the Foreign Correspondents' Club of Japan to reinforce EC hints that it might be time for Europe and Japan to set up a framework for dialogue similar to the EC's recent declaration on US-EC relations.

Sir Leon, on a five-day visit to Japan and South Korea, criticised Japan's "convoluted distribution system", which he said excluded almost all but luxury imports. He listed as barriers to European expansion in Japan the "distortive effect" of land prices and the extent of vertical integration in the Japanese economy. Lowering those barriers would be in Japan's interests, he said.

Short queue for Hong Kong trip to UK

Only about 60,000 heads of household have applied so far, **John Elliott** writes

ONLY about 20 per cent of the 300,000 Hong Kong Chinese expected to apply for full British passports under a scheme introduced to stem a brain drain from the colony after China's Tiananmen Square crisis in 1989 have done so.

Some 60,000 heads of households have applied for an initial tranche of 43,200 passports, to be allocated soon on a points system.

Applications closed at midnight last night and a final figure will be announced early next week after postal returns have arrived.

To an extent, it is a victory for China, which regains sovereignty over Hong Kong in 1997 and bitterly opposed the controversial scheme because it regarded it as a plot to extend British influence into the next century.

It is also an embarrassment for the Hong Kong government, which misjudged the demand, and for the British government which faced a parliamentary row over the measure because people in the UK feared a flood of ethnic Chinese immigrants.

Ironically, it is also providing a boost of confidence for the colony because it shows that the late-1989 panic desire to leave has eased.

The most important reason for the low level of applications seems to be China's opposition, followed by general disinclination to live in the UK, and the increased availability of long-term visas and passports for other countries, especially the US.

Also, the application forms were complex and the government did little promotion.

Peking warned last year that it would not recognise British consular protection for Chinese citizens holding the passports, and made it clear that civil servants with the passports would be barred from top jobs and could find other promotions blocked.

"This interference by China makes them second-class passports because you cannot be sure you'll be allowed to leave after 1997," says a bank economist.

"There is also the chance that you'll be victimised because it is not safe for you to assume that China will not discover the names of people granted passports."

To an extent, it is a victory for China, which bitterly opposed the scheme which it saw as a plot to extend British influence into the next century

The Hong Kong government has gone to considerable lengths to try to maintain secrecy. Papers relating to successful applicants will be sent to London by 1997 along with other secret British government documents. Records of the unsuccessful will be destroyed.

Special legislation has been introduced to make it a criminal offence to release any names. But Hong Kong's Chinese population still believes Peking will obtain the lists.

Despite the fear of Peking, the sense of being Chinese is also deterring young people from applying, though many who thought they would not qualify changed their minds and filled in the forms during the past week when they saw the slow rate of applications. Only about 6,000 applications had been lodged three weeks ago and 15,700 by last Friday.

"I have applied today because my colleagues told me to, though I'm not very keen to live in the UK," one investment analyst in her late 20s said yesterday.

"I already have a five-year option to go to Singapore but I'd really like to stay in Hong Kong because the downside is understandable and acceptable here, and the upside is enormous."

"I have applied for Australia and am waiting for a decision," a 49-year-old insurance executive said. "I am not interested in going to the UK and if I can't get to Australia I'll apply for Canada – I have relatives in both countries".

Many companies say they are surprised by the number of key employees who already hold foreign passports or visas and they therefore underestimated the demand.

Until recently, British companies were urging the UK to increase the total allocation of 50,000 passports for heads of households, which will involve an estimated maximum of 225,000 people, including family members.

Canada is taking more than 20,000 emigrants a year from Hong Kong, and Australia is running at 17,500-20,000. The US is expanding a 5,000-a-year migrants allocation to 10,000 and then to about 20,000 by 1994, and it is also providing visas which need not be used till 2002 for 36,000 Hong Kong Chinese employees of US companies.

Singapore has approved permanent residency for 30,000 families which need not be taken up for 10 years, and other countries including France and Belgium have long-term schemes for their companies' employees.

China has not publicly opposed these schemes, possibly because they are either routine emigration or do not involve the possession of passports until the person emigrates.

In addition, the countries involved are not Hong Kong's colonial rulers.

Ethiopia peace hopes set back

By Julian Ozanne in Nairobi

THE fresh outbreak of fighting between rebels and government troops in the Ethiopian highlands has set back peace hopes and could threaten famine relief efforts.

Yesterday, the International Red Cross warned that up to 13m people in Ethiopia and Sudan faced imminent famine because of two years of drought and civil wars.

The Ethiopian offensives were launched earlier this week by the Tigray People's Liberation Front (TPLF), operating with other small rebel groups under the "umbrella" Ethiopian People's Revolutionary Democratic Front, in Gojam and Gondar provinces, and also by the Eritrean People's Liberation Front (EPLF) in Eritrea.

The fighting comes after a lull of several months and follows peace talks between the EPLF and the government which broke up in Washington last week without signs of significant progress.

Rebels have denied government claims that they are threatening vital famine relief supply routes.

Diplomats said yesterday there was little military evidence so far to support the allegation.

The Ethiopian government's recent diplomatic rapprochement with the west, stemming in part from agreement on internal movement of food aid, its apparent willingness to negotiate an end to the war, and approval of emigration for Ethiopian Jews, has improved its international standing.

The rebels have suffered a decline in international opinion because they continue to disrupt famine relief operations, most recently by the EPLF's heavy shelling of the airport at Asmara, the provincial capital of Eritrea.

It is too early to predict the long-term effect of the fighting on relief efforts, but donors have expressed concern about government claims yesterday that the EPLF has opened a new front in the Tiyo region of Eritrea, south of the rebel-held port of Massawa which is vital to food deliveries this year.

Whatever the case, it is clear the fighting will further delay efforts to rebuild the war-shattered economy.

Attempts to negotiate a structural adjustment programme last year with the International Monetary Fund and the World Bank were set back by donor concerns that economic reform would be impossible because of the war.

More than 50 per cent of the annual budget and much of the country's meagre $500m (£252.5m)-$600m foreign exchange earnings are allocated to the 330,000-strong armed forces.

The latest fighting has dampened hopes of early resumption of peace talks. But officials close to last week's Washington talks said the fighting need not mean an end to negotiations.

Banks check assets of ousted Thai ministers

BANKS yesterday checked the assets of ousted government ministers suspected by the new military junta of enriching themselves through corruption, AP reports from Bangkok.

Financial transactions of 22 aides in Prime Minister Chatichai Choonhavan's overthrown government were under investigation, Thai news reports said. Gen Chatichai, who has been detained since the bloodless coup on Saturday, was not on the list of former ministers and deputy ministers being scrutinised.

The banks were acting under orders from junta leader and armed forces commander General Sunthorn Kongsompong, who claimed rampant government corruption was a main reason for the coup.

Also yesterday, Gen Sunthorn and the other four junta leaders signed a draft interim constitution to replace the 1978 document they abolished.

The document is due to be presented tomorrow to the constitutional monarch, King Bhumibol Adulyadej, for approval. Junta spokesmen said an interim government would be announced immediately afterward, along with a legislative assembly that would draft a permanent constitution this year. Elections would be held after the constitution was finished.

Domestic public protest against the coup has been generally muted except for some university students, 15 of whom were arrested after a rally.

A group of 96 Thai academics issued a statement yesterday calling the coup an interruption of the country's democratic process. They urged an end to martial law and the junta's absolute power, and said the new constitution should contain provisions giving the people a greater say in government.

UN agency calls for legislation to protect strikers

By **Michael Smith**, Labour Correspondent

THE International Labour Organisation has called on the UK government to change employment legislation to protect striking workers. The call came after its ruling that the dismissal of 2,000 seafarers by P & O European Ferries breached international conventions.

The call by the United Nations agency, to which the UK is a signatory, represents the latest in the series of clashes with the government.

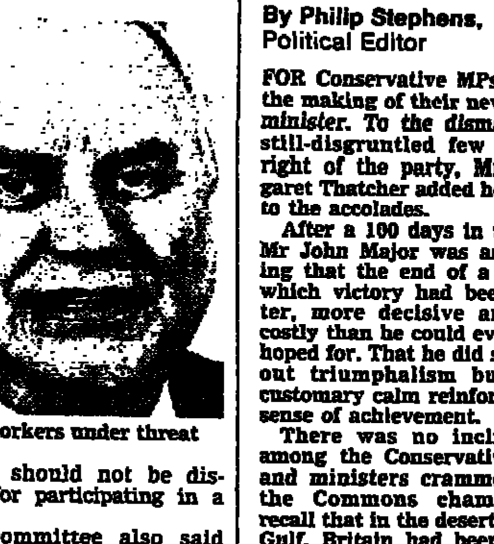
The ILO has also criticised the UK over restricting subject matters for industrial disputes and the government's handling of the GCHQ communications centre in Cheltenham, western England.

The disagreements demonstrate the divergence between the government's thinking on employment law and that of other countries.

In the latest ILO ruling, the agency's governing body upheld a complaint from the NUS seamens' union, since merged into the RMT transport workers' union, over the P & O sackings. The NUS claimed British laws allowing the company to dismiss all striking Dover employees were incompatible with ILO conventions on freedom of association. The strike was in protest at reorganisation.

The Department of Employment said yesterday it was studying the ILO's ruling. It said there was nothing in the UK's employment laws which breached the ILO's conventions.

The organisation urged ministers to revise employment protection legislation after the committee said


Willis: workers under threat

workers should not be dismissed for participating in a strike.

The committee also said employees sacked during or after a strike or other industrial action, should be able to challenge their dismissals before a judicial authority. The NUS was unsuccessful in trying to initiate unfair dismissal proceedings for about 1,000 strikers who were not re-engaged by P & O.

Mr Norman Willis, general secretary of the Trades Union Congress, said the ruling showed the government had given unscrupulous employers a licence to destroy workers' livelihoods.

"The government has backed the authority of the United Nations on other issues and that is right for all our sakes," he said.

"The government must act to uphold the authority of the ILO conventions, which are an integral part of the body of international law."

Gas price rises 35% for power projects

By **David Thomas**, Resources Editor

British Gas is announcing today that it is raising the *price of gas for new electricity generation projects* by 35 per cent.

The increase, which comes into effect tomorrow, drew an [illegible] McKinnon, director general of the Office of Gas Supply (Ofgas), the industry regulator.

Ofgas interpreted the increases as an attempt by British Gas to choke off demand in the newly emerging market for gas-fired generation and threatened to refer the move to the Office of Fair Trading, the competition watchdog.

A healthy gas-fired generating market is crucial to the government's plans to inject competition into the newly privatised UK electricity supply industry, since nearly all the potential new electricity generating companies wish to build gas-fired plants.

British Gas is announcing today an increase of 6p a therm to 22.1p in the basic gas supply contract used by electricity generators. This contract, known as the long-term interruptible schedule, covers very large contracts, typically more than 100m therms a year taken out for lengthy periods of 10-20 years.

Mr McKinnon said: "In Ofgas's opinion, there are no viable reasons either in the cost structure or in external market conditions to justify such an increase."

Pressure mounts on pay deal for civil servants

THE GOVERNMENT faces strong pressure to concede pay rises above inflation to more than 300,000 civil servants after the disclosure yesterday that half of private sector settlements in the last year have been between 8 and 10 per cent, writes Michael Smith.

Under pay agreements with the civil service unions, the government is committed, other than in exceptional circumstances, to pay increases for junior and middle ranking civil servants which fall in the middle 50 per cent of deals in the private sector.

The pay rises are due for implementation in April, a month when most economists expect the annual inflation rate to fall below 7 per cent.

Yesterday's figures, from the Office of Manpower Economics, means the government faces a dilemma. It is likely that it will have to choose between paying below 8 per cent, and thus face union accusations of breaking the pay agreements formulated only two years ago, or ignoring its own advice to employers to keep pay deals low.

Iron Lady resurfaces to praise Downing St successor

By **Philip Stephens**, Political Editor

FOR Conservative MPs it was the making of their new prime minister. To the dismay of a still-disgruntled few on the right of the party, Mrs Margaret Thatcher added her voice to the accolades.

After a 100 days in the job, Mr John Major was announcing that the end of a war in which victory had been swifter, more decisive and less costly than he could ever have hoped for. That he did so without triumphalism but with customary calm reinforced the sense of achievement.

There was no inclination among the Conservative MPs and ministers crammed into the Commons chamber to recall that in the deserts of the Gulf, Britain had been but a small cog in an American wheel. That the statements from Downing Street had always been a few minutes after those from Mr George Bush's White House.

Instead, Mr Major had proved that he had the nerve and the maturity to lead the nation in war. As Mrs Thatcher reminded the Commons, no-one had known a few days, let alone, six weeks ago, that the casualties would be so light. The voters, many Tory MPs were thinking, would reward their prime minister – and the government. This was the backdrop they needed for a June election.

It was a remarkable occasion. As has been his habit during the campaign Mr Major went out of his way to thank the opposition parties for their support during the war. When did Mr Neil Kinnock hear from across the despatch box that the leader of the Conservative Party shared both his emotions and his conclusions?

Then there was Mrs Thatcher. It was the ideal moment for her first words in the Chamber since her enforced resignation. She had been among the first to call for force to eject Iraq from Kuwait, had committed more British troops than any prime minister since the last war.

Now she distanced herself from the handful of her dispossessed supporters who have begun to snipe at Mr Major. She does not agree with all that he has done; and she is worried that his election manifesto will mark a retreat from Thatcherism, but she is not in the mood for public disloyalty.

No-one, least of all the prime minister, knows yet whether his enhanced stature will provide the basis for a gamble on a June election. Victory in the Gulf and falling home loan rates should ensure a further surge in Tory support, but then come April's poll tax bills, February and March's unemployment figures.

Mr Major though is preparing to grasp the opportunity if it is there. He will seek to consolidate his place on the international stage with visits in the coming two weeks to Moscow and Bonn and, probably, to Washington. At home he begins to set out in detail his domestic agenda at two Tory party conferences between now and the end of March.

We should not expect many more friendly exchanges in the Commons with Mr Kinnock.

BRITAIN IN BRIEF

MPs criticise use of funds on defence

The Ministry of Defence has been sharply criticised by MPs for lack of accountability to parliament and the public when releasing details of budget cuts.

It also rebuked the MoD for squandering public funds, including nearly £40m on a project which it is now abandoning.

"The manner of announcement and explanation of those measures which have so far been made public has been unacceptably haphazard," the Commons defence committee said in a report analysing short-term savings made by the Royal Navy.

Ministers had released often incomplete details of the cuts, the committee said, sometimes directly to MPs, and at other times through news releases or in written answers.

The committee examined a series of decisions taken last year to save a total of £650m from the defence budget.

No progress on Ulster talks

Mr Peter Brooke, Northern Ireland secretary, gave no indication of having made any progress in efforts to start round-table talks on the province's political future after a meeting with Unionist leaders.

Both sides refused to comment details of the meeting at Westminster. The Northern Ireland Office said only that a range of matters had been discussed "in a cordial fashion" with Mr James Molyneaux and the Rev Ian Paisley, leaders of the Official and Democratic Unionists respectively. The exchanges came amid growing pessimism among all sides about the prospects for the initiative Mr Brooke started more than a year ago.

Pay pause may hit Taurus

A pay pause at London's International Stock Exchange could hold up the introduction of Taurus, the new electronic share transfer system, computer managers working on the project have warned.

A confidential memo setting out fears that experienced computer staff could leave the project and seek jobs elsewhere as a result of the pay pause has been sent to Mr Rod Magree, managing director of the Stock Exchange's settlement services division by Mr Brian Phipps, settlement services division manager, Taurus.

Council chiefs back rates

Local authority chief executives have come out in favour of abolition of the community charge, or poll tax, and its replacement with a tax based on property values.

Their policy confirms a pattern emerging increasingly from local government leaders. Both the Association of District Councils and the Association of County Councils now favour the replacement of the poll tax by a domestic rating system based on the value of a residence.

Conservationists have lost the final round of their battle to block a controversial plan by Lord Palumbo for the redevelopment of the Mappin & Webb site (above) at Poultry, near the Mansion House, in the City of London.

Five Law Lords ruled unanimously that the development can go ahead which means that a design by Mr James Stirling can replace listed buildings on the site. The proposed new building has been described by the Prince of Wales as resembling "a 1930s wireless."

European retail chains welcomed

Sir Gordon Borrie, the director general of fair trading, has welcomed the arrival of new European entrants into the UK grocery sector, saying that the arrival of discount retailers offered new competition to existing retailers and gave consumers a greater choice.

Sir Gordon's comments follow the start of an Office of Fair Trading inquiry into allegations by Aldi, the German discount retailer, with over a dozen shops in the UK, that supermarket chains had urged manufacturers not to supply its stores because of its low pricing policies.

However, Sir Gordon said he could find "no firm evidence" that existing supermarket chains were colluding to squeeze them out of the market.

New transport body urged

A working party from the National Economic Development Council has come out in support of calls for the creation of a central body to solve London's transport problems.

It said a two-tier, non-elected regulatory and management body should be set up under the auspices of the Department of Transport. The top tier would be charged with drawing up a transport strategy and the second tier with implementing it.

The aim would be to provide a means of co-ordinating an attack on the capital's worsening transport problems but at the same time avoiding the re-creation of a controversial and powerful locally-elected body such as the former Greater London Council.

Ulster jobs law changes planned

The government has published its plans to amend a flaw in Northern Ireland's fair employment legislation which is holding up more than 100 cases of alleged religious discrimination in the workplace.

The Fair Employment Act (Northern Ireland) 1989 established a Fair Employment Tribunal to adjudicate on cases of alleged religious discrimination but the first case was adjourned when the Tribunal refused to order disclosure of certain documents requested by the applicant.

To have done so would have left the employer at the risk of committing a criminal offence under Section 30 of the Act which prohibits the disclosure of monitoring information.

ECONOMIC POLICY

Labour attacks Tories over use of interest rates

By Ivo Dawnay, Political Correspondent

MR NEIL KINNOCK, leader of the opposition Labour party, relaunched domestic political hostilities last night with a wide-ranging attack on "short-termism" in the government's economic policy.

In a heavily-promoted speech in London, he attacked the Tories for using only high interest rates to tackle the recession, claiming they were failing to address declining UK competitiveness in manufacturing and skills.

The occasion, organised by Labour's Institute of Public Policy Research, was clearly intended to return the political spotlight from the Gulf to the domestic economy.

Labour strategists are increasingly wary of an early general election in the wake of the UN allies' victory and the sharp rise in Mr John Major's popularity ratings.

With the Gulf war now over, they are determined that voters' eyes now turn to the prime minister's personal responsibility for the current economic downturn, not least as a former chancellor and chief secretary to the Treasury.

In his opening remarks, Mr Kinnock told an audience of some 200 businessmen, financiers and trade unionists that the current recession and its predecessor in the early 1980s were both "home-made" in Downing Street. The adoption of a high-interest rates policy for tackling inflation was a short term measure that would merely suppress the disease not cure it, he added.

Accusing the government of "a bias against the future", he went on to warn that the government's tendency to look for quick solutions meant that it boosted demand-led consumption at the expense of investment. The use of interest rates alone to defeat inflation would depress manufacturing investment and hence long-term competitiveness.

Turning to Labour's proposals for industrial policy, Mr Kinnock said: "Britain needs an economic policy that will tackle recession now and in the course of doing that will contribute to its building economic growth in the future."

In the era of the exchange rate mechanism, the UK had to emulate its European partners by promoting better quality, process and product innovation and design. These would involve "modern economic management" and the use of capital allowances and fiscal incentives.

The present "free for all" was incompatible with the pursuit of long-term economic goals, he said.

Nonetheless, it was emphasised that Labour would not be tempted to adopt either devaluation or a return to pay policy to put the economy right. In a warning clearly aimed at union militants, Mr Kinnock made clear that cost reductions and productivity increases were the best protection against unemployment.

"In practice, in a free society, statutorily-imposed incomes controls cannot work because even if it was desireable it would not be enforceable,"he said.

● Industry is more short-termist than the City of London, according to a poll of senior company directors, fund managers and analysts.

The poll, commissioned by Coopers & Lybrand Deloitte, the UK's largest accountancy firm, stands conventional wisdom on its head, finding that company chief executives and finance directors are more preoccupied with short-term profit performance than are City investors.

Lamont dampens hope of cuts

By Ralph Atkins

MR NORMAN Lamont, the chancellor of the exchequer, yesterday sought to dampen hopes of a further cut in interest rates in the near future in what were almost certainly his last public comments before the Budget.

Speaking in the House of Commons, Mr Lamont insisted that he was "not going to take any risks either with the exchange rate or with interest rates".

He hoped that MPs would "not have exaggerated ideas about interest rates which may, or may not, be possible".

Mr Lamont gave no clues about the changes he will make in his Budget on March 19 in spite of much clamouring from some Conservative MPs for cuts in the cost of borrowing and tax changes to help business.

But he hinted that the government's inflation forecast of 5½ per cent at the end of the year would be revised downwards significantly.

That prediction had been made at the time of the Autumn statement, he said.

Also during Treasury questions, Ms Gillian Sheppard, junior treasury minister, referred MPs to the lower levels of inflation being forecast by the end of the year by the majority of independent economists. Significantly, Mr Lamont stopped short of setting zero inflation as the government's eventual target.

Neither France, Germany, nor Japan looked as though they were about to achieve that, he said.

"So I think our first objective must be to get a sharp reduction in the level of inflation down to that of our competitors," he added

Mr John Smith, the opposition Labour party's Treasury spokesman. He complained that Britain was the only country in the European Community which was suffering from a recession.

In reply, Mr David Mellor, chief secretary to the Treasury, said there had been a decade of "unparallelled success" for the UK economy.

Mr Alan Beith, the Treasury spokesman for the centrist Liberal Democrats, said it was important for the UK to avoid gaining a reputation for devaluing its currency.

Differential pricing may not be on the cards

Clay Harris and **John Thornhill** on choices retailers face following a change in the law

BRITAIN is preparing to move away from a retail system based on fixed prices, and, perhaps, from the cashless society. From this month, merchants will be allowed to charge different prices depending on how the customer chooses to pay.

The legalisation of differential pricing follows a lengthy debate on the role and costs of credit cards in the economy. The move is intended to end the subsidy which users of credit cards are deemed to receive from customers who use other methods of payment such as cash, cheque or debit cards.

Acting on the advice of a Monopolies and Mergers Commission report in 1989, the government has removed the legal support for the "no discrimination" clause in credit card issuers' contracts with merchants. This forbade traders from charging customers more for one method of payment than another.

The credit card companies were free to remove this clause from yesterday and must do so by March 7.

So far, no leading retailer, hotel chain or restaurant has indicated an intention to charge different prices. In a recession, they cannot risk driving away customers. But many are prepared to reconsider if a brave rival leads the way.

Smaller independent retailers and restaurants are more likely to be the first to break ranks.

If this happens, however, it is possible that cash payers will not see any benefit in the form of lower prices, and credit card companies admit they may be deterred from exercising their contractual powers to limit a merchant's surcharge on card-using customers to its actual costs.

If the legalisation of differential payments leads to a greater use of cash, it may also have an impact on areas not directly related to retail prices. These include a possible encouragement to violent crime and a setback to efforts to control the black economy.

If cash costs less, moreover, some customers may forgo their protection under the Consumer Credit Act which applies only to credit card transactions over £100, and not to cash.

Plastic welcome: but it is now legal to charge extra

The act's guarantees were instrumental in obtaining refunds for customers in a number of recent corporate collapses.

On the other hand, those who worry about excessive personal credit hope that charging a higher price for card use will deter some customers from running up huge bills.

Even consumer organisations that supported legalisation of cash discounts worry that the rules drawn up by the Department of Trade and Industry are complicated and open to abuse.

Briefly, these state that any merchant intending to charge different prices must post notices at each entrance and till. These must spell out that the merchant has an "indicated price" for goods, which is not applicable to all methods of payment. Any surcharge or discount, either as a percentage or fixed sum, must be spelled out for each form of payment.

In restaurants, this information must also appear on menus. At petrol stations, it must be displayed on roadside signs, pumps and at the till. The maximum fine for breaking the regulations is £2,000.

The only sanction against a merchant who agrees to greater cash discounts than those advertised is the possibility that a credit card company will cancel its contract.

Ms Jean Eaglesham of the Consumers Association said the organisation "recognised the logic" of the move. "There is no obvious reason why one group of customers should subsidise another." The government-funded National Consumer Council also took this line in its submission to the MMC.

One problem with assessing the subsidy argument is that there are few reliable estimates on how much it costs businesses to handle other payment methods. The MMC did not even try to address the question.

Traders are reticent enough about the percentage they pay to their merchant acquirer, the bank which reimburses them for card transactions, and then collects the money – less an "interchange fee" – from individual issuers.

But they are even more reluctant to discuss the costs of handling cash, which include security and fraud.

It appears certain, however, that credit cards are still more expensive than cash and cheques, but it is possible that for some large retailers, debit cards like Switch and Connect – which are like electronic cheques – are cheapest of all.

Each merchant's charge for credit cards is determined by a "matrix" which takes into account turnover, industry sector, average transaction size and specific fraud experience.

Some retailers pay credit card companies up to 5 per cent on every sale. However, big retailers are able to negotiate competitive terms. In some cases the difference between cash payments and credit cards is as small as 1 per cent.

The average charge to merchants for cards run through the banks like Visa and Access is 1.65 per cent, according to one study quoted by Diners Club.

Mrs Ann Perkins, director of cash and handling operations at Securicor, the security group which transports £100bn a year in the UK, puts this into perspective. She says the delivery of cash to a local bank by small traders is likely to cost them about 40p per £100, or 0.4 per cent. Using a cash handling system like Securicor's, they can reduce this by perhaps half.

Large retailers who consolidate their own cash and have it delivered to banks' wholesale centres cut the cost even more.

Similarly, a 15p per cheque handling charge can come down to anywhere between 3p and 10p for big retailers.

One leading High Street retail chain estimates that its credit card transactions are five times as expensive as handling cash and cheques.

Mr Mike Wilsey, assistant director of the Retail Consortium, the trade association for the industry, suspects some retailers may experiment with dual pricing in a few stores to see how it is received. "If that happens there may well be a knock-on effect. But it is probably more likely that they will offer a discount for cash rather than a surcharge for credit cards."

The Consumers Association disagrees: "We think it is more likely that retailers will surcharge rather than discount."

Additional reporting by David Churchill

WHAT THE RETAILERS ARE DOING

■ **British Petroleum:**

The oil company decided against dual pricing at its petrol stations because of potential confusion to customers and administrative difficulties.

■ **Boots:**

The retail chemist chain decided a year ago not to introduce variable pricing. "We have made a concrete decision . . . rather than just ignoring the question."

■ **Tesco:**

The supermarket chain, says: "We think customers are beginning to find that it is more convenient and safer to use plastic cards rather than carrying a lot of cash around and that applies to the stores as well."

■ **Marks and Spencer:**

"We have a standard price for everything and dual pricing is not an issue," says the retail group, which only accepts its own credit cards. "We would like to see the usage of our card go up. It gives us a wider customer base where we can market other goods."

■ **Trusthouse Forte:**

The hotel group has no plans to charge different prices. It wants people to pay by credit card as this is more secure than hotels having large amounts of cash on hand.

■ **Savoy Group:**

Managing director of the hotel group, Mr Giles Shepherd, says: "I'm not going to charge my cash customers one price and credit card customers another."

■ **Dixons:**

The electrical goods retailer says: "We just want customers to buy the product, how they pay is somewhat secondary."

FT LAW REPORTS

Time-barred demurrage claim can go ahead

THE BAIONA
Queen's Bench Division (Commercial Court): Mr Justice Webster: February 19 1991

A CLAIMANT'S potential remedy against his solicitors for delay in appointing an arbitrator is a relevant consideration for the court when deciding whether he would suffer undue hardship were he not granted an extension of time in which to bring his claim; but it is not a consideration to which much weight is attached, if the solicitors' fault *was not grave and if the* respondent suffers no prejudice from the delay.

Mr Justice Webster so held when granting an application by Unitramp SA, owners of the Baiona, for extension of time in which to claim in arbitration against the charterers, Jenson & Nicholson (S) Pte Ltd.

HIS LORDSHIP said that on January 4 1990 Baiona was chartered for a voyage from Xingang to Porbander.

The charterparty contained an arbitration clause which provided that any claim must be made within three months after final discharge.

The shipowners had a demurrage claim against the charterers, but were out of time in appointing their arbitrator.

They now applied for extension of time under section 27 of the Arbitration Act 1950, which provided that the court might extend time if it was of the opinion that "undue hardship would otherwise be caused".

The principles to be applied under section 27 were:
1. "undue hardship" should not be construed too narrowly;
2. "undue hardship" meant excessive hardship and, where the hardship was due to the fault of the claimant, it meant hardship the consequences of which were out of proportion to such fault;
3. in deciding whether to extend time or not, the court should look at all relevant circumstances;
4. the following matters in *particular should be considered:* (a) the length of delay; (b) the amount at stake; (c) whether the delay was due to the fault of the claimant or to circumstances outside his control; (d) if it was due to the fault of the claimant, the degree of such fault; (e) whether the claimant was misled by the other party; (f) whether the other party had been prejudiced by the delay, and if so, the degree of such prejudice (see *Jocelyne [1977] 2 Lloyd's Rep 121*).

The amount at stake was not very substantial. The claim was for just over £185,000.

There was a total delay of 56 days. The first period was 42 days from when the time limit expired on March 26 1990, until the shipowners' solicitors realised they were out of time. The second period was 14 days between that date and issue of the present summons.

The 42-day delay occurred because the shipowners' solicitors failed to explain to the assistant solicitor handling the matter that in an arbitration clause in the present context there might be a short time limit and that it was normal procedure, on being handed the litigation file, to inspect the clause for time bar. She only made a cursory reading of the charterparty and did not realise the arbitration clause contained such a time limit.

During April 1990 there was correspondence between solicitors and on May 23 the shipowners' solicitors threatened to appoint an arbitrator. On May 25 the charterers' solicitors asked for time. On June 1 they set out the charterers' case, and on June 21 the shipowners' solicitors joined issue with their defences and asked them to agree to appointment of a sole arbitrator. No response was received to that request.

On June 26 the three-month time limit expired. On July 3 the shipowners' solicitors wrote to the charterers' solicitors about agency expenses. Again no response was received. Onon August 2 the shipowners purported to appoint an arbitrator, but failed to notify the charterers.

On August 7 the assistant solicitor for the shipowners checked the arbitration clause and, for the first time, saw the time-bar provision.

The 42-day delay period was the fault of the shipowners' solicitors, and was therefore to be regarded as the fault of the shipowners themselves.

But this was not simply a case in which they had been doing nothing at all. On the contrary, they had been pursuing the charterers' solicitors in correspondence. The delay could not be categorised as grave.

As to the 14-day delay, the shipowners accepted that once a party was aware he was out of time, he must act promptly in issuing his summons. This period of delay was partly attributable to a misunderstanding on the assistant solicitor's part. She thought, wrongly, that it was necessary to obtain leave to serve the summons out of the jurisdiction. The shipowners must be regarded as at fault in relation to this period of delay also.

The total delay of nearly two months was attributable to the shipowners' fault, and not to *circumstances outside their* control. But the degree of such fault must be measured partly in the light of the communications between the solicitors. It could not be categorised as grave, even taking into account the total period of delay.

The shipowners did not suggest they were misled by the charterers; and the charterers did not suggest that they had been prejudiced by the delay.

Against that background the court had to consider whether the shipowners had suffered hardship the consequences of which were out of proportion to their fault, and whether, taking account of all the relevant circumstances, it should extend time.

The charterers argued that the shipowners would not suffer undue hardship if their application were refused, because they would have a claim over against their solicitors.

In *Birkett v James [1978] AC 297,324* on an application to dismiss an action for want of prosecution, Lord Diplock said that if the solicitor's fault were a matter which the judge ought to take into account in deciding whether to dismiss an action for want of prosecution, the court would have to embark on what in effect would be a negligence action by the plaintiff against his solicitors. He said: "That clearly is impossible." He said there had been consensus of opinion in the Court of Appeal that "the question of what remedy, if any, the plaintiff *will have against his solicitors* if his action is dismissed is an irrelevant consideration".

In *Thompson v Brown [1981] 1 WLR 744,752* which was concerned with whether it would be equitable to allow an action to proceed under section 2D of the Limitation Act 1939 when the three-year limitation period had expired, Lord Diplock said, "when weighing what degree of prejudice the plaintiffs have suffered, the fact that if no direction is made under section 2D he will have a claim over against his solicitor for the full damages ... must be a highly relevant consideration".

The two decisions were difficult to reconcile.

If the present application were to depend on which of the two apparently conflicting decisions the court should follow, it would follow *Thompson v Brown* because the issues that arose under a section 27 application were more akin to those that arose under section 2D of the 1939 act than to an application to dismiss for want of prosecution, although the issues in all three cases had *much in common*.

The court also took into account the fact that according to present practice reflected in the Supreme Court Practice 1991, the availability of a remedy over against an applicant's solicitor was relevant to an application to extend the validity of a writ under RSC Order rule 8(2) (see note to that Order at paragraph 6/8/3).

The existence of a potential claim over against an applicant's solicitors was relevant to the question of "undue hardship".

Relevant to the weight to be given to that consideration was the presence or absence of difficulties which would affect an applicant making such a claim.

It was always likely to be more difficult for a plaintiff to pursue a secondary claim against his solicitor than to pursue his primary claim against the original defendant, if only because that defendant could not be made to participate, particularly in the way of discovery, in the secondary claim.

Although the court took into account the shipowners' potential claim against their solicitors, it did not attach any considerable weight to it.

The shipowners would suffer undue hardship if extension of time were refused. The application was granted.

For the charterers: Jonathan Gaisman (Clyde & Co)
For the shipowners: Anthony Clarke QC and Simon Rainey (Withers)

Rachel Davies
Barrister

THE PROPERTY MARKET

Holford keeps up momentum

By Paul Cheeseright, Midlands Correspondent

HOLFORD ESTATES, the property subsidiary of IMI, the international engineering group, is about to start work on the second phase of the industrial park from which it derives its name. It might seem a strange time to be doing it.

The park is at Witton, three miles north of the Birmingham city centre and alongside the M6 motorway. So it is right in the middle of a region that is not only the hardest hit by recession in the UK but also has an abundance of disused industrial property. Birmingham City Council said that at the end of 1990 there were within its boundaries 5m sq ft of vacant industrial property and 800 acres of available industrial land, of which 400 acres are derelict.

But Holford has seen all this before. Its origins lie in the fact that half the 220 acres IMI owns at Witton were surplus to its manufacturing requirements after the early 1980s recession. "Holford Estates began in 1984 when the market was as bad as it is now," said Mr Barry Jones, the managing director. "Then we went into the exercise of looking at what we could do with 110 acres of virtually no value."

This process of finding alternative uses for old industrial land gathered momentum during the 1980s as vigour returned to the regional economy. Indeed, throughout the West Midlands, some 6,000 acres of derelict land were reclaimed between 1982 and 1988. And, where it has been started, the process carries on. A little further north than Holford, along the M6, Triplex Lloyd, another engineering group, is, for example, turning the site of an old steelworks into retail warehouses, and a multi-screen cinema. But developers looking for land on which to develop what might loosely be called urban regeneration projects are now more scarce.

Holford Estates never had the problem of buying land. So it starts its operations on a different cost basis from the average developer. But it does not escape the cost disciplines of the developer. These are imposed by a parent company which accepts that the financing criteria of property are different from those facing a company making widgets but psychologically is accustomed these days to a return of more than 30 per cent on its manufacturing operations.

In the first place IMI expects Holford Estates to give it a return on its land assets, a valuation on which is fed into the industrial park's cost calculations. Holford Estates is no different from any other developer in wanting a 20 per cent margin, but, because, the first phase of the park is held as an investment, that does not have to happen immediately. The discipline, though, is that the return should start to show through after the first rent review.

Second, IMI acts as the banker for Holford Estates. IMI treats the property company as what Mr Jones called "a reasonable risk", but if IMI manages to borrow cheaply on the markets it will not necessarily pass on the bargain. This suggests that although IMI will not oblige Holford Estates to pay four points over base rate – which is what smaller developers were paying even at the end of the 1980s – it will expect two points.

In 1984, when groups such as IMI were recovering from harsh retrenchment, the commitment was made to spend £28m over seven years to build, in a landscaped environment, 675,000 sq ft of space. Of this a maximum £5.8m was committed by the UK government in the form of urban development grant. Since then 525,000 sq ft has been completed and placed with tenants on 25-year leases. A further 140,000 sq ft is tied up in the expansion plans of these tenants. To all intents and purposes the first phase is finished.

Holford Estates is showing a valuation surplus on its assets of £4.7m and this year, for the first time, its flow of rental revenue will exceed the cost of the interest charges on the development. Hitherto, Holford Esates has been paying IMI what it could in interest, but what was due and not paid has been rolled up.

The ability to create a revenue surplus comes as the first rent reviews roll through. The first tenants came in at £2.50 a sq ft. The two reviews so far have lifted the rents to, respectively, £4.85 and £5.18. These rents are at the top of the range for Birmingham industrial property. They could possibly have been marginally higher had they been negotiated a year ago, although Chesterton, a chartered surveyor, reported that rents for the best industrial property have been holding steady despite economic gloom.

Mr Jones said land clearing for a new phase – 490,000 sq ft of buildings on 37 acres – will start in April. The government has agreed in principle to provide a city grant of £6.3m to help meet total expected costs of £31m. But this time, Holford Estates will build to sell and, while it is willing to prepare the infrastructure, it will not construct the buildings without a pre-let.

No halt in the rate of decline

THE downward trend in the market continues unabated on all performance measures.

The Investment Property Databank, which has been re-based on more information, believes that 1991 has yet to see a deceleration in the rate of decline. The index has registered a fall in each of the year-on-year total return, capital growth and rental value growth figures.

The worst figures in all three categories were on the capital account, reflecting the continued outward movement in yields. The newly-launched IPD monthly equivalent yield series shows one of the sharpest outward movements since its January 1987 starting date.

The IPD describes the market as "paper thin" and compares it with 1974. "There are periods in the cyclical pattern of the investment property, market – which may last for many months – during which the market virtually disappears," it says. "No one will sell at a price buyers are willing to pay. Assets are frozen in investment portfolios and investment sites are deserted."

The relative position of the three sectors was unchanged this month. The weakest, the office sector, produced a monthly return of -1.6 per cent. Its rental value growth was negative for the month (-0.9 per cent) and was negligible over the year to January, with a significant outward movement of yields (0.30), taking it to 9.3. There was also a substantial decline in total return and capital growth, which fell by 2.1 per cent.

By contrast, there was a relatively small shift in the retail yield of 0.13. Total return and capital growth shifted down by 0.3 and 0.8 percentage points respectively. Rental values which rose by 0.3 per cent was the only performance measure to show any positive movement in the sector.

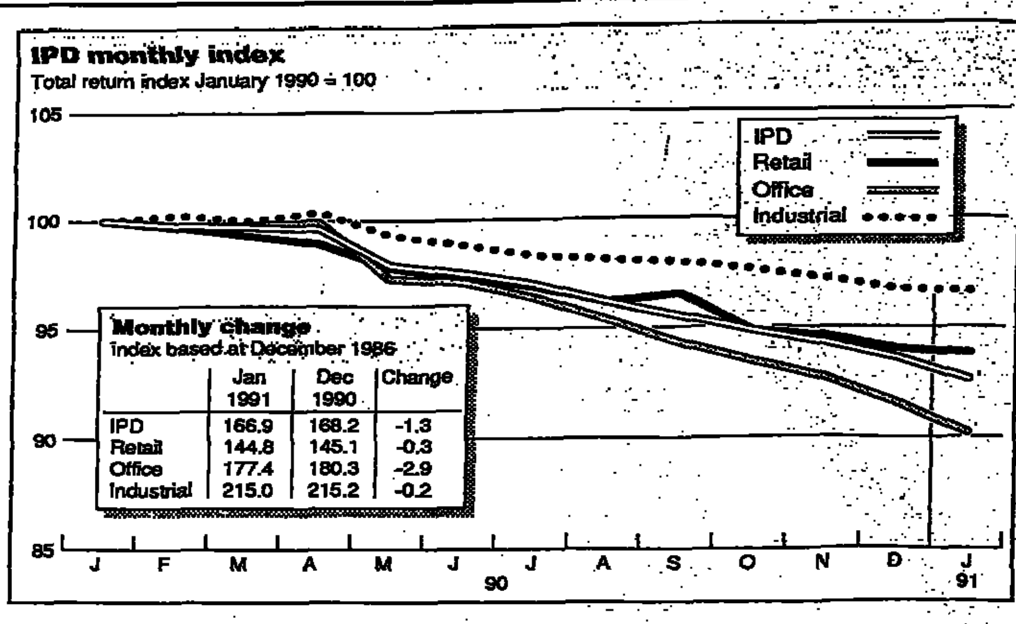
Industrial property showed only a marginal drop in returns in January, while capital growth fell more dramatically by 0.8 per cent. The equivalent yield movement over the month was similar to that of the office sector and has brought the equivalent yield, at 11.0 to its highest level since June 1987.

From January 1991, the number of separate property funds in the IPD has increased from 31 to 47, the number of firms of valuers involved from 10 to 17 and the number of live properties recorded from 817 to 1,442.

This has taken the capital value of the monthly index over the £3bn mark for the first time, despite continually falling asset values throughout 1990. The larger sample should more accurately reflect short-term market behaviour.

It will also allow more detailed market analysis. This will include a monthly analysis of yields and yield movements by sector on a monthly cycle. The new fund data have been collected back to December 1986.

Vanessa Houlder



Monthly change
Index based at December 1986

	Jan 1991	Dec 1990	Change
IPD	166.9	168.2	-1.3
Retail	144.8	145.1	-0.3
Office	177.4	180.3	-2.9
Industrial	215.0	215.2	-0.2

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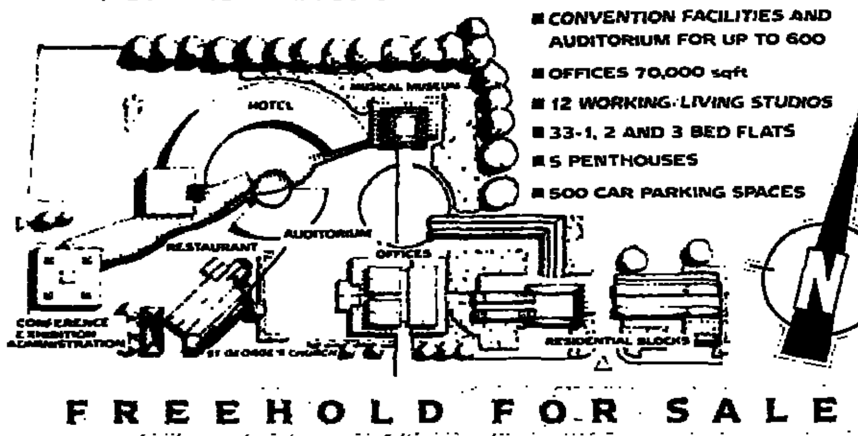

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All claims must be accompanied by a completed claim form and USA tax declaration obtainable from the depositary. Claimants other than UK banks and members of the stock exchange must lodge their bearer depositary receipts for marking. *Postal claims cannot be accepted. The corporation's* fourth quarter report for 1991 will be available upon application to the depositary named below.

Barclays Bank PLC
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168 Fenchurch Street London EC3P 3HP

CONTRACTS & TENDERS

Superannuation Fund Investment Managers

Hereford and Worcester County Council propose to appoint Managers to the County Council's Superannuation Fund maintained on the basis of a balanced portfolio. The present market value of the total fund is approximately £250m and it is divided for management purposes between two managers who are responsible to the County Council Investment Panel.

Organisations who wish to be considered for this appointment must be authorised in accordance with the provisions of the Local Government Superannuation (Investment) Regulations 1990 to manage the assets of local authority pension schemes and should so inform the County Treasurer IN WRITING at the address below by 15 March, 1991.

County Treasurer, Hereford and Worcester County Council, *County Hall, Spetchley Road, Worcester WR5 2NP.*

Hereford and Worcester County Council

LEGAL NOTICE

IN THE MATTER OF THE LONDON BICYCLE COMPANY LIMITED

and in the matter of the Insolvency Act 1986
Registered number 1257743
Trading name: The London Bicycle Company Limited
"Bike"
Nature of business: Bicycle Retailers
Trade classification: 22
Date of appointment of administrative receiver(s) 19 February 1991
Name of person appointing the administrative receiver(s): Midland Bank Plc
Roger William Cork and John Colin Mannin Bishop
Joint Administrative Receivers
(office holder no(s) 1653 and 1281 both of Cork Gully, Shelley House, 3 Noble Street, London EC2V 7DQ

COOLFAST LIMITED

Registered number: 2146875
Nature of business: Exporters of Motor Parts
Trade classification: 15
Date of appointment of administrative receiver(s): 1st February 1991
Name of person appointing the administrative receiver(s): Meghraj Bank Limited
Administrative Receiver: Surjit Kumar Singla (office holder no(s) 285 of 48 Queen Victoria Street
London EC4N 4SA

UNDER SECTION 48 (2) INSOLVENCY ACT 1986
Registered No. 2152030
Registered in England
Turnbell Crane Hire Limited

NOTICE IS HEREBY GIVEN, pursuant to Section 48(2) of the Insolvency Act 1986, that a meeting *of the unsecured creditors of the* above named company will be held at the offices of Cork Gully, Bank House, Charlotte Street, Manchester, M1 4BX at 10.00 am on Tuesday 5 March 1991 for the purpose of having laid before it a copy of the report *prepared by the Joint Administrative Receiv*ers under Section 48 of the said Act and, if though fit, appointing a committee.

A proxy form is sent herewith. Creditors whose claims are wholly secured are not entitled to attend or be represented at the *meeting. Other creditors are only entitled to* vote if:-

(a) they have delivered to us at the address shown below, no later than 12 noon on 4 March 1991 written *details of the debts they* claim to be due to them from the company, and their claims have been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986; and

(b) there has been lodged with us any proxy which the creditor intends to be used on his behalf.

Dated 18th February 1991

J D Harrison
Joint Administrative Receiver
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هكذا من الأصل

A prince among engravers

Patricia Morison visits the Fitzwilliam Museum, Cambridge

Spring has come to Cambridge and carpets of lemon-yellow aconites are in full flower along the Backs. At the Fitzwilliam Museum, too, there is an array of temptations for the spring with three exhibitions, as well as the museum's full complement of treasures now returned after an arduous twenty-month tour of the US to raise funds.

There is a small selection of Venetian 17th- and 18th-century drawings, among them effortless pen sketches by G. B. Tiepolo of crumbling farmhouses in the Udine. The Fitzwilliam is the last stop for a terrific ceramic show, *Lucy Rie, Hans Coper, and Their Pupils*. This is a large travelling exhibition mostly from private collections sponsored by Hill Samuel Bank Ltd, until April 1. Best of all, the Print Room is staging a tribute to that prince of German engravers before Dürer, *Martin Schongauer* (until June 2), a lovely exhibition of some 60 engravings.

Schongauer died 500 years ago, probably of plague, when he was still in his forties. Little is known about his life beyond that he was the son of a goldsmith (the typical background of 15th-century engravers) and worked mainly in the prosperous town of Colmar in Alsace. He left a small number of paintings, the most famous being the "Madonna in the Rose Garden" beloved of Victorian copyists. Far more significant, however, was his legacy of 116 dazzlingly accomplished prints which put the craft of engraving on a new level.

More than most Northern late-15th-century realists, Schongauer was fascinated with minutely observed physical details. His "Death of the Virgin" is a crowded mass of figures, furnishings, and stiff waves of drapery. It invites the viewer to lean and peer, marvelling at Schongauer's precision with the toenails and veins in his elderly apostles' ankles. According to legend, the twelve apostles returned from heaven to help the Mother of God through her last hours. Schongauer's apostles are not the brooding mourners painted by Hugo Van der Goes, his Flemish contemporary. Instead, this is a deathbed scene of animation and human warmth as the apostles fuss round the Virgin.

One of them places a taper in her hands and another has a metal pot dangling from his arm. In the foreground is an elaborate candlestick such as the artist's own father would have been making. The apostles have brought devotional reading matter, and one of them holds his spectacles close to the page. All this friendly clutter anchors a moment of high devotional intensity firmly in the realm of everyday experience.

This mastery of crowd management is equally evident in the "Adoration of the Magi", and the eye for human detail as the servant carefully stows the carrying-case for his master's gift back in his bag. The magis' retinue is made up of distinctly Turkish-looking soldiers under their its star-spangled banner and in the highly dramatic scenes of Christ's Passion, we find more turban-wearing Orientals. Many artists of the day were fascinated by eastern faces and costumes, but in the case of Schongauer scholars have wondered if he had first-hand experience of somewhere more exotic than Colmar – the Costa, perhaps?

If his *Wanderjahr* after finishing his apprenticeship took him south it would explain the dragon-tree and date-palm in his "Flight into Egypt" and the lizards he included, with the homely foxglove and thistles. This is a magical handling of the subject, in which the palm-tree does not simply bend its branches to feed the Holy Family. Instead, Schongauer has five small but determined angels weigh down the branches so that Joseph can pick a sustaining meal of dates.

Schongauer's secular subjects are charming and a touch mysterious, too, since it is not sure who they were meant for. There are studies of animals – pigs, stags, and an unconvincing elephant – which he might have sold as models to craftsmen. Some think the coats of arms were made for the upwardly mobile burgers of Colmar. A delightful scene of a peasant family riding out of their village on its way to market was perhaps intended to be humorous although Schongauer has not caricatured the threadbare, barefoot poverty of the rustic world. A word of warning; these are not easy times for Britain's university collections so the Fitzwilliam has to be niggardly with opening hours. The museum is closed on Mondays. On Sundays and weekdays the upper galleries, including the Print Room, are open only from 2.00-5.00pm.

★

Prints and Drawings; New Accessions at the British Museum marks five years during which no less than 3,000 works have either been given or purchased on a slender budget. This is a large and enjoyably mixed show which contains something for just about all tastes, from Norwegian landscapes to French revolutionary satirical prints. To single out just a few: the Museum now owns Gainsborough's only self-portrait drawing and Richard Dadd's velvety "Halt in the Desert" which was unearthed by the BBC's *Antiques Road Show*. I fell for a breezily outdoor scene of a man and woman watching their decoy owl by the Baroque artist and hunting-addict, Pier Francesco Mola. Three wonderful pen-and-ink drawings by Guercino are an hors d'oeuvre for feast of Guercino drawings which will be at the Museum in May.

'The Nativity' by Martin Schongauer: in Cambridge until June

Mary Stuart

BOCKENHEIMER DEPOT, FRANKFURT

History's favourite queens, Elizabeth I and Mary Queen of Scots, never met, but everyone wishes they had. Two centuries on, the wish was granted in the theatre, but, to English eyes at least, by the wrong man – a German writing for a Catholic audience in the shadow of the French Revolution.

Schiller delivers a thumping blow to English textbook memories – a reminder that each age remakes history in its own image. Elizabethan traitors are Romantic freedom-fighters – Mary, raffish and ravishing, a Don Juan in petticoats, hostage to a collapsing ancien régime headed by fatally envious Bad Queen Bess.

Frankfurt's Lore Brunner, soprano pride modulating to adagio calm, is a magnificent full-blooded but not bloody Mary. The world well lost for love, Ms Brunner fights to the last, then sinner-monarch-martry-whore merge together in her finale. As Peter Wood pointed out in his 1958 Old Vic production, how well Mary's infinite capacity for love shows up against Elizabeth's infinite capacity for chastity. The climactic scene where they call one another "bastard" and "whore" still shocks. Here, Ursula Karusseit interprets Elizabeth's defensive hauteur as that of a woman successful but unsatisfied, uptight, strong yet longing to let rip. No wonder she falls for Leicester, ladykiller with no sexual hang-ups of his own.

Women beware women. Not between Middleton and, oh, *Salome* or *Saint Joan*, can English theatre boast tragic female parts like these. Proto-feminist themes fly like sparks. The distorted Weltanschauung of women with top jobs in a man's world; sexual jealously frothing under rival female careers; men manipulating women bosses into pawns instead of queens.

The queens' men are kitted out as 19th century City gents whom Schiller might have met on a visit to London. Guards in full furry-hatted regalia, off-duty from the sentry box, bring them tea in the royal drawing rooms. A master-stroke of casting is Thomas Thieme's passionless pragmatist Burleigh: a Winston Churchill look-alike, bulging out of his waistcoat, puffing a cigar lit with Mary's papist candle, weighing up her fate like stocks and shares.

Energetic, perfectly delineated portrayals too from Rolf Idler's sinister-sympathetic Paulet, Adolf Laimbock's faithful-fanciful Shrewsbury, Siemen Ruhaak's cowardly fop-with-a-heart Leicester, honey-voice dripping insincerity, and Hannes Granzer's balloon-bearing Secretary Davison, who looks as if he's on a day-trip with AA Milne to the Changing of the Guard.

Precise costumes – shaggy bear coat for Shrewsbury, dashing white fur for Leicester – take psychological couture to the hilt. It's a colourful touch in a production limited in scope by the Frankfurt Schauspiel's current makeshift home at the Bockenheimer Depot. On this improvised stage, Heidi Brambach's set, a crescent of 15 identical doors opening on to changing interiors, suggests at once the mystique of an ever-plotting court, a prison with all escape barred, and the comic absurdity of tyranny, where no individual can get his entrances and exits right: a triumph of variety and subtlety.

When Stephen Spender translated the play, he quoted Mary's own warning to potential rescuers: "No one was ever lucky in saving Mary Stuart". Modern English directors have gone for irony or adaptation, but in Germany there is a classical tradition which plays the piece as straight 19th century melodrama – which means taking it as seriously and idealistically as 19th century opera. When it works, as in Manfred Karge's production here, the effect is a knockout.

Jackie Wullschlager

42nd Street

DOMINION THEATRE

No show that contains even a tolerable rendering of "The Lullaby of Broadway" can ever fall wholly flat. There is also an undeniable kick to be had out of tap dancing, well done. So it is good that *42nd Street* has been revived for an eight week season at London's huge Dominion Theatre: an earlier, not vastly different version played for several years at Drury Lane.

The timing is good, too. *42nd Street* is symbolically, sentimentally about the American dream, the country coming out of the depression of the early 1930s. The US has just come out of another recession in foreign policy.

Yet *42nd Street* is a curiously old-fashioned piece. It is unusual nowadays to see up to 50 bodies on a London stage at the same time. It strikes one as anachronistic that they are all white. And it is an immense if pleasurable throwback to see such a wholesome display of female legs. One thought that all that stuff had gone out years ago.

Alastair Muir

Jenna Ward

The audience loved it, perhaps more than the cast realised. The applause starts as soon as the curtain begins to rise on the dancing legs. At the end, "Lullaby" could have been encored several times. Instead, there was a single re-rendering, done from a pretty static position.

The story is faulty. Dorothy Brock, the star singer played here by Elaine Loudon, in effect goes out of the show after the first act for no very plausible reason. She says that she has found true love and is making way for a younger woman, who can dance as well as sing. This onset of generosity scarcely fits with her earlier bitchiness.

No matter: "You're Getting to be a Habit with me", "In the Money" and "Lullaby", not to speak of the tap dancing, some of it superbly done by Jenna Ward as Peggy Sawyer, the star from the backwoods, make up for an awful lot. The direction is by Mark Bramble. I liked it.

Malcolm Rutherford

Elektra

ZURICH OPERA HOUSE

There is no end to the fascination that Ruth Berghaus exercises in the German-speaking opera world. Understanding is optional: the Berghaus language is one that no-one else uses, and you either find it stimulating or a bore. Occasionally, as in the Vienna *Fierrabras*, she hits upon an intriguing visual counterpoint to the score, and there can be fleeting, unique insights. Most of her productions, however, are a theatrical puzzle, telling us more about Ruth Berghaus than about the work in hand. The Zurich *Elektra* falls into the latter category.

Here were all the Berghaus trademarks – the artificial sign language, decorating the work with psychological brushwork so that it becomes unrecognisable; the apportioning of a greater significance to every minor movement and gesture; the little jokes like the servant sneaking a packet of cigarettes to Elektra, or the way she dances a merry waltz with Aegisth, planting a sensuous kiss on his lips and then donning his top hat and tails. Nothing directly relates to the work Strauss wrote – to the vital human emotions expressed in the music, to characters drawn from classical Greek mythology, to family relationships gone awry.

What we have instead is an abstract, analytical, inexplicable *Elektra*, in which each character adopts a different set of mannerisms, walking, crawling and gesticulating like mechanical dolls, imprisoned by their own hang-ups about the past and future. Hans-Dieter Schall's set – a white post-modern labyrinth fronted by a central room with open wall-frames – resembles a mental clinic, which has to be regularly disinfected by white-coated staff. The three leading ladies wear black miniskirts like an inmates' uniform. Klytemnestra is an ageing tart with a pigtail and handbag. Chrysothemis spends the evening obsessively ironing a yellow wedding dress, in which she emerges resplendent for the final scene.

One picks what one can from this charade – the Zurich audience evidently loved it – but it was an *Elektra* best appreciated with eyes closed. The conductor, Ralf Weikert, paced the music with exemplary, unshowy skill, reconciling all the extremes of mood and dynamic. The orchestra's attack was effortlessly secure. The performance emphasised the score's Wagnerian overtones – the constant groundswell of brass motifs, the moving stillness of the recognition scene. It was a bull's-eye performance, monumental and ecstatic.

Deborah Polaski's Elektra looked like an overgrown, deranged schoolgirl. She sang with clarity, intelligence and delicacy – she never resorts to screaming – but still suffers from a restricted top. It was a pity her scene with Reinhild Runkel's excellent Klytemnestra was allowed to pass for so little. Carmen Reppel, an experienced Chrysothemis, made complete sense of all the notes Strauss gave her. Horst Hiestermann's Aegisth was another of his distinctive character portrayals. As Orest, Simon Estes looked and sounded like a robot.

Andrew Clark

Rihm's "Dies"

ROYAL FESTIVAL HALL

Last year's Musica Nova in Glasgow cast valuable light on Wolfgang Rihm's recent music, and confirmed him as one of the most intriguing of the younger Euopean composers. But Rihm's work list is already so enormous, his changes of style apparently so confounding, that even such a useful introduction brought only partial enlightenment.

In his output there are a number of hefty concert pieces; the London Symphony and Abbado introduced one of those from the 1970s, *Dis-Kontur*, to Britain during their Mahler Festival in 1985, and at the Festival Hall on Wednesday night the BBC Symphony Orchestra under Lothar Zagrosek brought the British premiere of Rihm's *Dies* from 1984, a massive, awesome choral and orchestral setting that must surely have dispelled many lingering doubts about Rihm's stature.

Dies is only partly what it title suggests – a setting, for choirs, speakers and huge orchestra of the Dies Irae text from the Requiem Mass. For Rihm has tried hard to distance the work from the original liturgical context (quoting Brahms's *German Requiem* as his precedent) and made it, as he says, not so much about Dies Irae, the Day of Wrath, "but Dies Illa, that day, the day when man stands lone in his guilt and becomes his own accuser."

So the lines are mingled with other apocalyptic texts – from the Lamentations of Jeremiah, Revelations, and from Leonardo's prophetic vision, *De Metallis*, which foresaw a New-Age-like future in which the Earth revenged itself on the human race for the crimes committed against it.

The texts, in Latin and Italian, are woven into a seamless whole and democratically distributed between the forces; the effect is of a sustained onslaught of vivid imagery, matched to music of fierce intensity and sudden moments of sharp poetic beauty. One of the problems in coming to terms with Rihm's music has been the difficulty of pigeon-holing it: there are traces of many strands of European modernism and post-modernism, yet it cannot comfortably be assigned to any one.

So the grand rhetorical gestures of *Dies*, the percussive tirades and volleys of brass, the superpositions of speech and song (recalling Schoenberg's own piece of apocalysm, *Jakobsleiter*), and the luscious, almost Verdian sweep of some of the solo lines, can all comfortably coexist; Rihm's is music of supreme instinct, and at his best in pieces like this, offers an exhilarating challenge.

Zagrosek's performance, assured, appropriately grand, involved a battery of choirs (the BBC's own Singers and Symphony Chorus, as well as Trinity College Chamber Choir and the Finchley Children's Music Group); the soloists, in some cruelly exposed writing, were recruited from the London Sinfonietta Voices.

The logistics and sheer difficulty of presenting *Dies* will keep it out of the reach of most choirs and orchestras, but the work will get performed, because it packs an elemental power that is quite special.

Andrew Clements

Manfred Hemm

WIGMORE HALL

A first meeting with Manfred Hemm as Mozart's Figaro in Salzburg a couple of years ago was a reasonably pleasurable occasion, leaving the impression of a sturdy vocalist and forthright personality. Since then no operatic engagements have come the singer's way in this country and he has chosen to make his first English appearance in recital, which may or may not prove to have been the right decision.

A reacquaintance with this still young Austrian (born 1961) at the Wigmore Hall on Wednesday left mixed feelings. He certainly arrived here with plenty of voice, dark, strong, more bass than baritone; but when he calls upon it to deliver soft legato singing the instrument does not always respond as willingly as its owner would like. Often the tone would give way and we were left with a hollow, sepulchral clang.

At first, in the Schubert songs that opened his programme, there was also evidence of another problem. Hemm has a tendency to squeeze each note without vibrato, so that a song like "Die Sterne" proceeds note by note rather than in the long expressive lines which its composer must have intended. Nevertheless, as the evening progressed, the voice gradually became more flexible and the artistry responded in kind.

In ease of vocalism Schumann's *Liederkreis* Op.39 marked an improvement. The voice moved better and Hemm seemed able to convey what he wanted the music to say. That view of the cycle was, however, a gloomy one, intensified by slow speeds and solid playing in the accompaniment. "What means this dusk and dread?" asked the singer, with an uncanny knack for getting the darkest pronouncements to hit home, and the listener could but sympathise.

Ironically he produced his best singing in his other chosen cycle. This was an ambitious choice in front of an English-speaking audience: Vaughan Williams's *Songs of Travel*. But the broad character of the music suited the singer well, as it did his pianist, David Lutz; and they produced a performance full of panache. Hemm was letting himself go here in operatic vein. And it is in opera that we are most likely to welcome him back.

Richard Fairman

INTERNATIONAL ARTS PREVIEW & EXHIBITIONS

The Gothenburg Symphony Orchestra's visit to Japan next week offers the world's fastest-growing classical music market a chance to hear an orchestra which is already widely known through its recordings. The orchestra's hectic recording schedule and increasingly frequent foreign tours are a reflection of the success it has enjoyed under its current music director, the Estonian-born Neeme Järvi.

The Japan tour opens on Tuesday at Suntory Hall in Tokyo with Sibelius' Second Symphony and the Mendelssohn Violin Concerto, in which the soloist will be Reiko Watanabe.

The orchestra plays in Nagoya on Wednesday, at the Shizuoka Shimin Bunka Kaikan on Thursday, followed by two concerts at the Bunkamora Orchard Hall in Tokyo next Saturday and Sunday. The tour ends with concerts in Hiroshima (March 13) and Osaka (March 14).

The Vienna Symphony Orchestra opens a two-week European tour this weekend with music by Mozart conducted by Nikolaus Harnoncourt. The programmes include the Haffner, Linz and Prague symphonies, and the orchestra will be joined for part of the tour by Gidon Kremer, who will play the Violin Concerto in A K219. After two opening concerts tonight and tomorrow in the Vienna Musikvereinsaal, the orchestra visits the Munich Philharmonie on Sunday. Other tour dates include Frankfurt (4th), Zurich (7th), Geneva (8th), the Châtelet in Paris (10th), the Barbican in London (11th), the Palais des Beaux Arts in Brussels (12th) and Strasbourg (14th).

Harnoncourt began his career as a cellist in the Vienna Symphony. Over the past 20 years he has almost single-handedly educated Viennese audiences in period performance style through his own ensemble, the Concentus Musicus Wien. Although the Vienna Symphony is a traditional concert orchestra, its performances under Harnoncourt are likely to reflect the conductor's preference for Mozart-without-sugar – attacking rhythms and transparent orchestral texture.

The theatre programme in Paris next week includes Hedda Gabler at the Théâtre des Amandiers Nanterre, directed by Alain Francon, while two Matthias Langhoff productions – The Duchess of Malfi and Brendan Behan's The Hostage – have just begun a run of performances at the Théâtre de la Ville. At the Zurich Kongresshaus, from Wednesday, there are four performances of the London production of Chekhov's Three Sisters.

EXHIBITIONS GUIDE

AMSTERDAM

Rijksmuseum Dutch Drawings from the Collection of Maida and George Abrams: 115 drawings mainly from the early 17th century, including works by Rembrandt and his school. The Abrams' collection, gathered over the past 30 years, specialises in genre compositions and figure studies, but also includes coloured drawings of flowers and animals. Ends April 28. Closed Mon

Van Gogh Museum Painters of the Eighties: Dutch Painting 1880-1895. With 178 works, the exhibition sheds light on the artistic reforms pioneered by the generation of painters which followed the Hague School. It also shows how Van Gogh was influenced by the Dutch cultural climate before 1890, and how he in turn inspired talented artists of the younger generation. Ends May 26. Daily

BARCELONA

Fundacio Joan Miro Antoni Tapies: Extensions of Reality. Includes 40 objects and sculptures, as well as 50 works on paper and cardboard, by the Spanish abstract painter Tapies (b.1923), drawn from collections and museums worldwide. Ends April 14. Closed Mon

BERLIN

Museum fur Moderne Kunst From Expressionism to the Resistance: Art in Germany 1909-1936. First showing in Europe of the Marvin and Janet Fishman Collection, tracing the development of Expressionism and the reaction against it in the Neue Sachlichkeit. Ends April 28. Closed Mon

CHICAGO

Art Institute Modernist Photography, a selection of early modernist work by Alexander Rodchenko, Charles Seeler, Edward Weston and others. Ends April 21. Also High and Low: Modern Art and Popular Culture, a study of the 20th century dialogue between art and commercial culture, with work by Dubuffet, Duchamp, Warhol and Picasso. Ends May 12. Daily

LONDON

Barbican Centre The Apotheosis of Love: a centenary tribute to the English painter Stanley Spencer, with 65 works drawn from collections around the world. Also Man Ray: Bazaar Years, 175 photographs highlighting Man Ray's contribution to fashion photography from 1922 to 1942. Ends April 1. Daily

Royal Academy The Buhrle Collection: Impressionist and Old Master paintings collected by the industrialist Emil Buhrle, including works by Canaletto, Van Goyen, Cezanne, Van Gogh, Gauguin and Degas. Ends April 14. Daily

Tate Gallery Max Ernst (1891-1976), centenary retrospective of the German-born Surrealist, comprising 200 paintings, drawings, collages and sculptures from collections throughout Europe and America. Ends April 21. Daily

MADRID

Fundacion Juan March Picasso: Portraits of Jacqueline. More than 100 paintings, sculptures and prints from the period 1954-1971, inspired by and dedicated to Picasso's last wife. Ends April 28. Daily

Museo Nacional Centro de Arte Reina Sofia Masters from the Guggenheim Collection: from Picasso to Pollock. With 125 paintings and sculptures representing the main movements in 20th century art, the exhibition includes work by Brancusi, Braque, Giacometti, Kandinsky, Klee, Matisse, Miro and Modigliani. Ends May 13. Closed Tues

MILAN

Palazzo Reale Settecento Lombardo: sacred and profane art from 18th century Lombardy, including 200 paintings by Crespi, Ricci and Borroni, and 100 sculptures and engravings by Calegari, Saltiero and others. Ends April 28. Daily

NEW YORK

Brooklyn Museum Alfred Bierstadt: Art and Enterprise, with 74 oil paintings by the American landscape painter Bierstadt (1830-1902), ranging from small plein-air sketches to the monumental western panoramas for which he is best known. Ends May 5. Also Monet and his Contemporaries: Impressionism and Post-Impressionism. Five Monet landscapes from the permanent collection are included with paintings by Pissarro, Matisse, Bonnard, Cezanne, Toulouse-Lautrec, van Gogh and Picasso. Ends June 3. Closed Tues

Metropolitan Museum of Art The Romantic Vision of Caspar David Friedrich: Paintings and Drawings from the Soviet Union. The first American exhibition devoted to German's greatest Romantic painter, with nine paintings and eleven works on paper from museums in Leningrad and Moscow. Ends March 31. Also The Fauve Landscape: Matisse, Derain, Braque and Their Circle 1904-8, with 125 works showing the vibrant quality of landscape painting in France in the first decade of this century. Ends May 5. Closed Mon

Museum of Modern Art Liubov Popova: 55 paintings and 60 works on paper by the constructivist Popova (1889-1924), considered one of the most original artists of the early 20th century Russian avant-garde. Includes theatre, book and textile designs, many from Soviet collections. Ends April 23. Also British Photography from the Thatcher Years: 75 photographs describing the quality of life in inner cities, Northern Ireland and the English countryside. Ends April 28. Also Art of the Forties, documenting the early flourishing of American abstract painting, the recognition of Latin American art, and artistic activity in Europe during the Second World War. Ends April 30. Closed Wed

PARIS

Centre Georges-Pompidou Juan Gris: Drawings 1915-1921. A collection of 30 drawings from Valencia showing the vitality of colour that characterised Gris' work in comparison with other Cubists of the period. Ends April 1. Closed Tues

Galérie Maurice Garnier Bernard Buffet (b.1928), the French painter loved by the Japanese celebrates Views of New York in his characteristic spiky style. Ends March 29. Closed Sun and Mon

Galérie Michele Heyraud Desmond Morris: 30 surrealist works with occasional echoes of Miro, complementing the scientific career of the zoologist and best-selling author. Closed Sun and Mon. Ends March 30

Hotel de Ville, Salle Saint-Jean Arturo Martini (1889-1947): the gently melancholy mood of the 49 bronze and terracotta works by the self-taught sculptor of the Valori Plastici group changes into voluptuousness with the female nude La Pisana. Ends April 7. Closed Mon

Musée Dapper Household Sculpture, a collection of 100 works in wood, ivory and brass from traditional societies in black Africa. Ends April 28. Daily

Louvre, Pavillon de Flore Joos van Cleve: an exhibition showing the Italian influences on the Flemish painter, who became a Master in Antwerp in 1511 and visited Genoa around 1515. Ends May 27. Closed Tues

ROTTERDAM

Museum Boymans-van Beuningen Christopher Wool: recent paintings. In his first European exhibition, Wool (b. 1955 Chicago) presents 40 works on the theme of language in painting. Closed Mon

STUTTGART

Staatsgalerie Acquisitions 1983-1990: drawings and engravings by Old Masters from the German, Italian and Dutch schools, including a Rembrandt. Also 19th century French prints Bresdin, Bonnard, Vuillard and Roussel. Closed Mon

ZURICH

Kunsthaus From Leibl to Pechstein: Drawings by ten German artists around the turn of the century, including Impressionist works by Menzel and Liebermann, as well as unpublished sketches by leading members of the Brucke, including Kirchner and Heckel. Daily

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Friday March 1 1991

Now that the war is over

WAR MUST never be seen as an end in itself but as part of a longer process. In its immediate aftermath, in any part of the world, there is an opportunity created by the feeling of a new malleability, a sense that things have changed. If it was true in Europe and the Pacific in 1945, it is especially so in the contemporary Middle East, where intractability and violence have for so long been set in a muddle of shifting alliances and rivalries, where the enemy of my enemy has never necessarily been my friend in anything more than the short term.

President George Bush, in his moment of supremely wrought and deserved triumph, never finer than in his exquisitely timed *coup de grâce*, must now seize this opportunity. So must those in Europe and the Arab world who shared in the victory, as well as those who did not. Their task is daunting.

They can draw up an impressive balance sheet of advantage from the war with Iraq. The region's most powerful, expansionist Arab country has been defeated in battle and its dictator neutralised, though not yet removed. The great erstwhile threat, Iran, has stayed on the sidelines, its pragmatic leadership not exploiting its old adversary's downfall. Another Arab police state, Syria, emerges stronger by virtue of its participation against Iraq, but with less apparently overweening ambitions than Mr Saddam's. Arabs and Americans have fought side by side to establish regional stability, thus providing much-needed balance to the traditional US tilt towards Israel. For its part, Israel resisted the temptation to intervene, despite provocative Scud attacks. The Soviet Union, whose capacity to make mischief is not yet extinguished, was mostly co-operative. Japan and Germany, the non-combatant economic giants, made substantial financial contributions to an effort designed to uphold the principles not of free trade but of a civil international society.

Impressive list

This is an impressive list, worth building on. Set against it must be the realisation that some of the core problems of the region, above all the Israel-Palestine issue, are still no closer to resolution. The Palestinians, not for the first time, appear losers in a war which Iraq speciously claimed to be fighting on their behalf. The PLO, by its equivocal support for Iraq, may have lost such credibility as it spent years in establishing in the west. Israel remains as opposed to any territorial concessions as ever and now must feel more certain the US will not ask for them.

So, if the toughest nut shows no sign of cracking, how best may the great advantages of victory be exploited? The answers lie both in the short and longer term and all are concerned with security. The establishment of a regional security framework, which must have political, economic, and humanitarian as well as military dimensions, is the necessary precursor of any serious attempt to come to grips with the Palestinian question. Only when nations come to trust, and cease to fear, their neighbours can progress be made.

These fine words, nevertheless, require a step-by-step approach, starting with Iraq itself. The war may be won but there is much to be done to ensure its compliance with the ceasefire terms. The immediate despatch of a United Nations monitoring/peacekeeping force, preferably dominated by Arab armies, is important in this process and for the long term as well, but no more so than Iraq's return of prisoners of war and detainees and, if possible, the more tangible of the assets looted from Kuwait. Mr Saddam's culpability, and that of other Iraqis, in the rape of Kuwait will remain an issue for some time.

Sanctions' duration

How long sanctions remain in force and whether reparations should be exacted depend on how Iraq behaves. But its economic infrastructure is so ruined that there is a point beyond which further punishment is pointless. It needs humanitarian help now and assistance in reconstruction very soon, both made more difficult by the continuation of Mr Saddam in power.

What it does not need are more arms, conventional or other. This applies to the region as a whole. It was the imbalance of military capability that made Mr Saddam such a threat to his neighbours, for which the Soviet Union is principally, but far from exclusively, at fault. It is the responsibility of the western governments and Moscow to ensure no revival of the Arab arms bazaar. The exotic hardware possessed by the Gulf Co-operation Council forces proved of no avail on August 2. A better definition of reasonable defensive needs is required, as is a regime of international surveillance and confidence-building measures. Cocom is a proven working model for the arms exporting countries. It is probably too late to include Israel in such a process and this fact alone, combined with the universally insatiable appetite for arms, means that regional arms control faces an uphill struggle. From a practical standpoint, it is best first to focus on the Gulf security and, if that works, to try to extend the principles to the region as a whole.

But this begs another final question of Mr Bush in his hour of victory, and of Mr Major, too. It is desirable that security be provided by Arabs, for Arabs, with the help of the UN, but it probably will not be enough. *Victoria Americana* needed General Norman Schwarzkopf, General Sir Peter de la Billière and the allied army. *Pax Americana* in the Gulf will need fewer men but it will probably need some, to act at least as a tripwire deterrent, for the foreseeable future. Even then, it will take more than might to remove or to neutralise the underlying causes of instability in the region.

As Mr James Baker packs his bags for the Gulf, he has with him a long agenda of inter-related items. Israel and the Palestinians is the toughest piece of business that lies ahead and it will not usefully be addressed without significant progress on other matters first. Linkage in the end is inescapable, but the end may yet be far away.

Lord Peter gets his building

THERE IS a large number of listed buildings in London, just as there is a large number of modern buildings which range from being not very good to plain awful. Judgment is subjective, but many Londoners could provide a list under both headings.

It is always necessary to strike a balance between preserving the best of the old while making room for what one hopes is the best of the new. That is what the debate over the Mappin & Webb site, close to the Mansion House and the Bank of England, has been about.

Test case

It is unfortunate that it became perceived as a test case between conservationists and developers. The conservationists argued that if redevelopment was allowed, it would mean the green light for redevelopment practically everywhere. Not so, said Mr Nicholas Ridley when he was environment secretary. Not so, said the planning inspector on whose advice he was acting. And not so, said the Law Lords, who delivered their ruling yesterday in favour of Mr Ridley and the development plan of Lord Peter Palumbo.

It was perhaps arrogant of Mr Ridley to think that he could get away with accepting the inspector's report without making a wider statement on conservation policy, especially since the government's position on these matters has sometimes been obscure. It was his failure to do so that led to the appeal to the Lords.

Nevertheless, he has been upheld: Mappin & Webb is a one-off case where the case for redevelopment is strong. The site is a group of Grade II buildings. Grade I and Grade A churches nearby will be preserved.

Whether the proposed replacement, designed by Mr James Stirling, is handsome is another matter; many individuals of respected judgment think not.

The point is that those who want a finer City should lobby for good new buildings rather than by rote for the conservation of everything old. The argument over Lord Peter's plan, like that over the Prince of Wales's architectural prejudices, has been good for Britain. The first step towards better buildings is for the public to show that it cares about buildings at all.

THE GULF CEASEFIRE

Peter Riddell on the challenges confronting President George Bush

Burdens of victory

George Bush is now at the high point of his presidency. He has achieved an undoubted political and military triumph. Yet at the moment of victory he faces a much more difficult task to win the peace and to translate his international success on to the domestic arena.

There are already dangers of triumphalism – one newspaper even comparing Mr Bush to Superman – as political Washington interprets the lessons of the war.

No one can take away from Mr Bush's achievement. Throughout the seven-month crisis he has been clearsighted in his determination to secure an unconditional Iraqi withdrawal from Kuwait. He has shown considerable skill, both in assembling the international coalition, combining the most unlikely partners, and keeping it together. He has repeatedly defied the sceptics; by refusing to accept compromises he has secured a clear-cut victory.

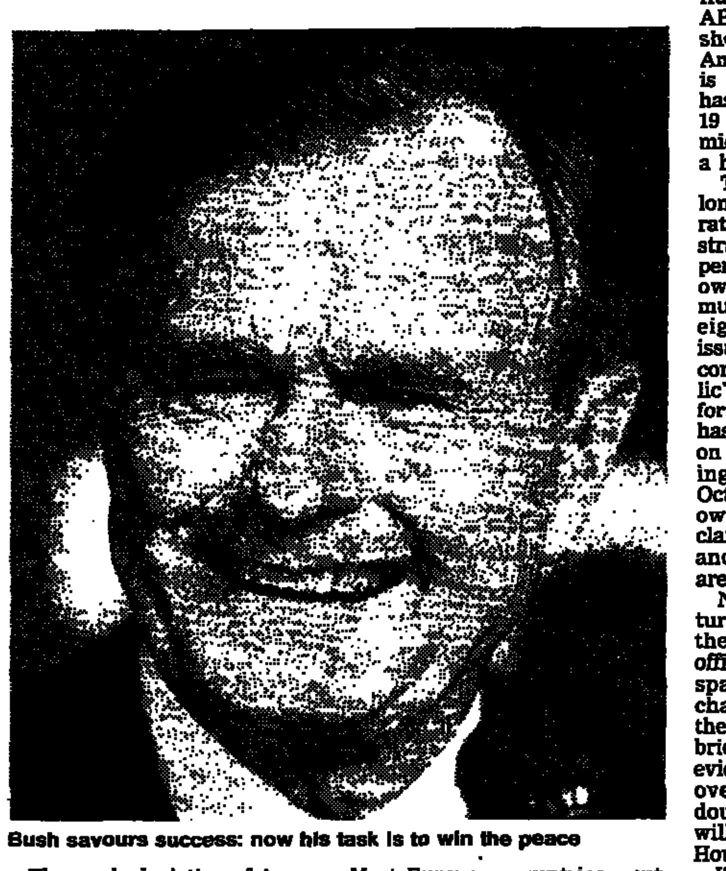
In part this reflects his own experience in foreign affairs and his frequent telephone contacts with world leaders. It is also a tribute to the team he picked. His senior political advisers, James Baker, Brent Scowcroft and Dick Cheney, and the top generals, Colin Powell and Norman Schwarzkopf, have worked together more harmoniously than would have been imaginable under President Reagan. And the command structure has worked more successfully than during the Vietnam war.

Indeed, for many Americans, including for Mr Bush himself, a key result of the Gulf war is to erase the memories of the Vietnam era. The legacy of that war, with its bitter divisions at home and 58,000 US dead, has hung over the past 20 years, creating doubts about America's willingness to act decisively. As General Schwarzkopf, a decorated Vietnam veteran, has said: "I hate what Vietnam has done to our country. I hate what Vietnam has done to our army."

Mr Bush has promised repeatedly that the Gulf would not be another Vietnam. He did not just mean that the US would not be bogged down in a lengthy and bloody conflict. He also meant that, with the US more united than at any time since the Second World War, victory would end what he called "the so-called Vietnam syndrome", by showing the US's determination to fulfil its obligations.

But if the Vietnam nightmare is now over, it has only been replaced by new myths based on the Gulf victory. Mr Bush has seen the crisis as a pivotal moment in the post-cold-war world – showing that, with US-Soviet rivalry abated, if not ended, the international community can act together through the United Nations to counter aggression.

Yet what Mr Bush has defined as a new world order is dependent in his eyes on American leadership. The UN may have provided the authorisation for action but only the US could provide the lead to secure the necessary diplomatic support and direct military action.



Bush savours success: now his task is to win the peace

The crude depiction of America as "number one" again has been offered as an answer to the "declinists", who have seen US power as fatally weakened by the mix of over-stretched commitments and serious economic problems. Widespread criticisms in Congress of the hesitant and half-hearted responses by Japan and Germany to the crisis have been matched by pleasure at the continuing leading role of the US. There is only one superpower, the argument goes.

A soaring budget deficit and an inadequate education system do not inhibit the short-term exercise of political and military power. After this week's victory, there may be temptations for the US to adopt a more interventionist stance in other regional conflicts.

The problem is that in peacetime conditions a US president cannot act so decisively. Mr Bush is not in the same position as Harry Truman after 1945. Mr Bush has talked of creating a partnership with US allies. Yet the meaning of partnership differs on either side of the Atlantic. For Americans, it means others contributing financially to US military commitments overseas.

But for Europeans, partnership means a say in decisions. Most European countries went along, with varying degrees of enthusiasm, with the US lead in the Gulf crisis. But they will now want a greater influence, not only over the post-war settlement in the Middle East, but also in defence arrangements in Europe. There are clear dangers of, on the one hand, American impatience with European divisions, and, on the other, European irritation with American high-handedness.

Mr Bush needs to make clear that the new world order is not just a *pax Americana*, is as much for a domestic as for an international audience. The end of the Gulf war, with remarkably low casualties – fewer than have been murdered in Washington DC so far this year – is a source of pride and relief for most Americans.

But there is an ambiguity in the celebration. For all the expressions of patriotism since last August – yellow ribbons and Stars and Stripes everywhere – there has been little sense of jingoism. Rather, most Americans seem to have viewed the war as a necessary duty, to deal with an evil man who has done wrong.

There has been no desire for America to assume the role of global policeman. If anything, many in Congress have been suspicious of Mr Bush's inclinations towards an interventionist foreign policy. The most frequently heard demand from Capitol Hill is that foreigners should finance more of the costs of the war and that US troops – all 537,000 of them – should be brought home as quickly as possible. Even a mainstream Democrat such as House Speaker Tom Foley has said that US taxpayers' money should not be spent on economic reconstruction in the region, and there should be a minimal continuing presence of US ground forces.

As the Falklands war did in Britain in 1982, the Gulf war has boosted American self-confidence. A Washington Post/ABC News poll this week shows that the number of Americans believing the nation is going in the right direction has risen from a record low of 19 per cent last October, in the middle of the budget battle, to a high of 58 per cent.

The central question is how long this mood – and approval ratings for Mr Bush up in the stratosphere, at well over 80 per cent – will last. By his own admission Mr Bush is much happier dealing with foreign than domestic policy issues, as reflected in the sharp contrast in the American public's relative rating of his performance in the two areas. He has frequently been ineffective on the home front, notably during the budget rows of last October which so divided his own Republican party. His claims to be the "education" and "environment" president are widely regarded as hollow.

Now public attention will turn inwards. The key here is the economy. Administration officials and Mr Alan Greenspan, the Federal Reserve chairman, are confident that the recession will be mild and brief. There is some tentative evidence that the worst may be over, but many economists doubt whether the recovery will be as strong as the White House hopes.

If the economy is in reasonable shape next year then Mr Bush is a strong favourite to be re-elected in November 1992. While memories of his success in the Gulf war will fade, the victory will still be important politically. Mr Bush was the commander-in-chief who won, and it will not be hard for Republican strategists to set that as a measure for Democratic candidates.

Most of the likely Democratic challengers – with the notable exception of Tennessee Senator Al Gore – opposed the use of force only seven weeks ago. While they can argue that their difference with Mr Bush was about how to expel Iraqi forces from Kuwait, not whether to do so, most Democrats can easily be portrayed as failing the test of leadership when it counted. Only if the economy is in a mess might a Democratic populist and anti-foreigner candidate such as House majority leader Richard Gephardt stand a chance.

Triumphant war leaders seldom sustain their popularity. While life is now going to become more difficult for Mr Bush, he has passed the test for which his whole career has been a preparation – showing that he is a decisive leader in an international crisis.

The politics of humiliation

The war has not eased Arab grievances, says Roger Matthews

The politics of defeat in the Middle East have given way for the first time in its modern history to the politics of humiliation. Such was the enormity of the threat deemed to have been posed by President Saddam Hussein that the US and its allies have in the past six weeks chosen to cross the line which separates military defeat from national collapse.

In aiming for the destruction of Mr Saddam politically, the coalition forces chose to cripple Iraq physically, in total contrast to all other Middle East conflicts since the Second World War. In its wars, Israel sought to break Arab armies, not their economies. Iran and Iraq fought each other for eight years in the 1980s, but serious damage was mainly confined to a few dozen kilometres on either side of their border.

The impact the allied strategy will have on the politics of Iraq and on the wider Middle East are as yet incalculable. The assumption in Washington and other allied capitals is that the 18m citizens of Iraq and the other people of the Middle East will reach the rational, western conclusion that all the horrors which have befallen them since the invasion of Kuwait are the responsibility of Mr Saddam.

It may be a dangerous assumption. War has wrecked the ambitions of one man, has emasculated his ability and that of his successors to threaten their neighbours again, and has imposed a heavy human toll on Iraq. More than that, Iraq's neighbours and the coalition partners have placed an economic noose around Baghdad's neck which can be tightened or loosened at will. Iraq depends on oil for 90 per cent of its revenues. It cannot export any oil without allied agreement, even on the unlikely assumption that its facilities have not been massively damaged.

Not only is Iraq unable to begin even to contemplate rebuilding its shattered infrastructure, but while Mr Saddam remains in power there is virtually no income available for current expenditure. It represents the most comprehensive long-term external squeeze ever imposed on a country, short of full-scale occupation. Today's military victors anticipate that Mr Saddam cannot escape from the sheer scale of this humiliation.

But for every day he does survive, Iraq's people are doomed to deepening misery, which Saddam may seek to exploit. There is no organised opposition within Iraq, for reasons Kuwait residents can now understand. An army general may have the courage to topple Saddam, but he will need to be as ruthless as his present master to succeed. More likely a power struggle will emerge within the Ba'ath party.

On that basis and on the assumption of continued severe economic deprivation, Iraq is likely to remain among the most radicalised nations of the Middle East. A combination of propaganda and self-deception could help build a new generation more than ever convinced that the US and western imperialism lies at the root of all Arab troubles.

The allied nations may be unable to prevent this, but it could become less likely if the US fully appreciates the size of the opportunity Iraq's defeat has presented. President Bush brought together a unique Arab alliance. Although united primarily in its detestation of Mr Saddam, it would have been unthinkable a few years ago when the superpowers competed for influence in the region. When the liberated citizens of Kuwait ask for Israeli flags to wave, it is clear that extraordinary changes are under way.

Whether they can be channeled constructively is another matter. None of the long-standing, fundamental Arab grievances against the US and its western partners has been eased. On the contrary, the size of the allied effort, the huge cost and the total commitment to the UN resolutions, have and will ever be harshly compared to attitudes to Israel's occupation of the West Bank and Gaza.

Very many more Palestinian demonstrators have been killed by Israeli troops in the past three years than American soldiers were killed by Iraqis. However much linkage between these issues is denied in the west, it is central to much of Arab thinking.

Mr Bush will be strongly encouraged by his European partners to tackle this problem with the same vigour as did President Jimmy Carter in the wake of President Anwar Sadat's visit to Jerusalem in November 1977. Despite its lack of warmth, the treaty between Israel and Egypt orchestrated by Mr Carter has held. President Hafez al-Assad of Syria, King Hussein of Jordan, and especially Mr Yassir Arafat's PLO, may in the months ahead be more responsive to an American plan which could be paraded as an achievement for the Palestinians and their supporters.

A determined Bush initiative would also help to choke off the residue of support in the Arab world enjoyed by Mr Saddam. Far from endorsing Mr Saddam's stated aims, it would confirm him as the comprehensive loser. And it would help to detach the Iraqi people from the humiliation of their leader.

Game with the name

■ What are we to make of the latest signs of life near the top of the UK stock exchange? Having cut its workforce by nearly a third over the last year, replaced almost all of its top executives, it is now doing the unthinkable and giving itself a smaller name.

The 217-year-old institution used to be known by everyone as the Stock Exchange. But the first signs that it was taking itself more seriously came in 1973, after the amalgamations of the provincial exchanges, when it changed its name to The Stock Exchange. Upper case or lower case *ts* mean a lot to some people, you know. After that the name-trail goes a bit faint, since there are not that many officials left who can remember that far back.

The New York Stock Exchange, which has always prided itself on being number one, never accepted that number three London should use the definitive article so emphatically, hence the Stock Exchange, London, was fairly familiar for a while. But after big bang in 1986, the exchange took another leap forward and The International Stock Exchange was born.

However, the new men at the top of the exchange seem to have accepted defeat in their bid to conquer the world. From May 7 it will call itself the London Stock Exchange, although it cannot use the initials LSE in case it gets confused with London School of Economics.

It has taken "months of preparation and research" to find a new name. Why didn't anyone think of renaming it Jonathan's Coffee House?

OBSERVER

Plastic travel

■ News that Computer Cab, one of London's largest taxi companies is to offer its account customers the chance to pay by plastic card – in this case its own in-house plastic – raises the question when the UK will catch up with other European countries where travellers can already pay for their taxi ride with a credit card. Anyone journeying between airport and hotel is especially likely to want to pay their fare by card.

According to Visa International, if you find yourself in Paris, Barcelona, Reykjavik, Copenhagen, or Oslo, you should have no difficulty in presenting your cabbie with plastic. And, though the Germans are said to hate credit cards almost as much as the impecunious British love them, you can already pay by card for your taxi ride in Frankfurt.

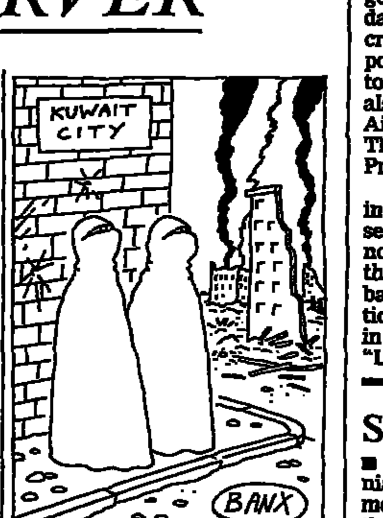
When will London follow suit?

Actually the London taxi scene may not be quite as black as it looks for credit card holders. Visa International says there are now two taxis in London which accept credit cards. Has anyone seen them?

Run for money

■ Hong Kong has just gained a new highest paid government employee with the arrival of 49-year-old construction man Richard Allen as chief executive of its Provisional Airport Authority. Although his pay has not been disclosed, it is believed to exceed the package of more than HK$2m (£134,000) received by the previous title holder: Robert Owen, chairman of the Securities and Futures Commission.

Allen, a former chief of the Beazer group's contracting division, faces a tough and politically sensitive run for his money. He has to provide a new airport costing HK$38bn, plus another $60bn for support works including one of the world's longest suspension bridges, before Hong Kong returns to Chinese sovereignty in six years time.



"I've half a mind to kiss a soldier."

China's leaders have so far refused to bless the project, not least because they feel it is over-ambitious and may well leave Peking to pick up large debts after 1997.

Even though Allen has been in Hong Kong for only a few hours, it seems he has already heard of the "keep mum" rule imposed on public servants by chief secretary Sir David Ford. All the new airport authority boss would say about his prospects was: "The job is a great challenge."

Set piece

■ As every rugby union fan knows, Ireland play England this weekend in Dublin. In Ireland, the 15-a-side game is one of the sports which ignores the South-North border, players from Ulster being heavily represented in the Irish team.

With this in mind Co-operation North, an organisation which tries to encourage cross border-contacts, has decided Saturday's match would be a fitting venue for the singing of a new "song of peace" for Ireland. So before the players go onto the pitch to do untold damage to each other, the crowd will be led by the Irish police band in revised lyrics to the tune of Danny Boy – also known as the The Derry Air (to Roman Catholics) and The Londonderry Air (to Protestants).

Although the underlying intentions are admirable, the sentiments to be voiced might not always be uppermost in the minds of the 30 men doing battle for the oval ball – particularly the line that resounds in every repeated chorus: "Let's think peace first."

Self-financing

■ The fame of Foreign & Colonial, Britain's biggest investment trust, is spreading into the ex-communist world.

Michael Hart, joint manager, says the trust has received a request from Yugoslavia for its annual report to be translated into Serbo-Croat. Moreover, a resident of Leningrad has shown he is fully conversant with the wily arts of capitalism. He wants Foreign & Colonial to lend him money so he can invest in its shares.

Back to normal

■ The scramble by British companies for potentially lucrative contracts to help rebuild Kuwait is perhaps not as intense as previously reported. The British Trade Office in Dammam, nerve centre of Kuwait's initial reconstruction efforts, was closed for the weekend yesterday as per usual.

Keep it clean

■ Present front-runner for Observer's 1991 prize for elegant euphemisms is Hydraulics Research of Wallingford, the former UK government laboratory which went private about five years ago. On April 11 it is holding a "Seminar on Sediment in Sewers."

THE GULF CEASEFIRE

Time to control the arms race

Edward Mortimer considers the obstacles in the way of a new Middle Eastern security order

However relieved and gratified by their victory, the allied leaders must also be united in their determination to see that such a war never has to be fought again. Never again should one state threaten with aggressive military force to dominate the entire Middle East. Never again should a developing country of fewer than 18m people be able to present the industrialised world with such a daunting military challenge.

Perhaps in retrospect, President Saddam Hussein's armoury looks less frightening than it did before the war began. He used neither chemical nor biological weapons. He did fire long-range ballistic missiles and reaped some political dividends, but they were too inaccurate to do militarily significant damage, and most were intercepted by Patriot anti-missile missiles.

Experts disagree about how far his nuclear capacity had developed, but most believe it was several years away from yielding any "militarily meaningful capability". Whatever the state of the programme, allied leaders seem confident that they succeeded in destroying it in the early hours of the war, so that it would have to start again from scratch.

Still, he has given the world, and the industrialised world in particular, a serious fright. Its leaders are acutely conscious that the great majority of Iraq's conventional weapons were not home-made, and that the non-conventional ones were being developed and produced with mainly imported components and technology. In other words, the war could probably have been avoided, or would have presented far fewer problems, if external powers, most of them industrialised countries, had been more careful about what they supplied and to whom. It is a mistake they would like not to repeat.

In some respects they may succeed. Both state authorities and the private sector in industrialised countries can now reasonably be expected to pay more attention to national and international controls on the export of equipment and technology with specific military applications. They will be less inclined, at least for a time, to brush aside security considerations for the sake of profit. Mainly western organisations such as the Nuclear Suppliers' Group, the Missile Technology Control Regime and the Australia Group (dealing with chemicals) can be expected to tighten their procedures, building on the largely successful example of the Co-ordinating Committee for Multilateral Export Controls in denying militarily-applicable technology to communist countries during the Cold War. They may also be able to expand their membership, or at least to co-ordinate their activities with those of non-western suppliers, both among former Warsaw Pact members and among newly industrialising countries such as Argentina, Brazil and China, which in recent years have played an increasingly important part in weapons proliferation but seem now to be more amenable to western arguments about the dangers that this involves.

An effort is also under way among the US business community, led by a group called Business Executives for National Security (Bens), to get private companies to subscribe to a statement of principles governing the export of items "likely to be used in the development of chemical, biological, or nuclear weapons or in their delivery systems". The chairman of Bens, Mr Stanley Weiss, compares the statement to the Sullivan Rules on business dealings with South Africa, another self-denying ordinance by the private sector which initially met widespread scepticism but proved surprisingly effective.

But the chances of halting the conventional arms race in the Middle East look much more doubtful. However obvious it may be in the abstract that arms sales promote insecurity and instability in the region, the argument that a

Regional countries will make a case for protection against a recurrence of the Iraqi menace

particular sale is essential to security and stability will often seem very persuasive, especially when allied to the commercial and political self-interest of a country anxious both to keep its domestic arms industry alive and to retain or increase its influence in the region. Those who supplied weapons to Iran in the 1970s believed, for the most part quite sincerely, that they were helping to promote regional stability – as did those who supplied weapons to Iraq in the 1980s. With hindsight we can see that they helped to bring about, respectively, the Iranian revolution and this latest war.

In the present situation, Saudi Arabia and the other Gulf states, as well as Israel, Turkey and perhaps Egypt, will each make out a very plausible case that they need more and better weapons to protect themselves against a recurrence of the Iraqi menace, or indeed against the rise of a new threat from Iran or Syria – though Iran and Syria too may be expected to argue that their deep distrust of Iraq has been vindicated, and that they too need to be better able to defend themselves in future. Even Iraq, under new leadership, may present itself as a candidate for re-armament, in the interests of some elusive "regional balance of power", or simply to avoid offering too vulnerable and tempting a target to predatory neighbours. These arguments will be difficult for western powers to reject at a moment when they are anxious to bring their own troops home as fast as possible and to encourage local powers to organise their own security.

Ideally, all the countries of the region should establish friendly and peaceful relations with each other, so that none of them would feel the need to be heavily armed. That is what seems to have happened in Europe with the end of the Cold War, and many people have suggested that Europe's example should be followed elsewhere in the world, starting with the Middle East. There should be confidence and security-building measures, regional arms-control agreements, perhaps even a Conference on Security and Co-operation. It is a splendid idea, and certainly worth working for. But, at a moment when in Europe itself things are already looking less promising, and the Treaty on Conventional Forces in Europe may not even be ratified, it is hard to be very sanguine about such a process in the Middle East.

The conflict in Europe was essentially ideological; and had two clearly-defined sides. Between two sides a balance is relatively easy to define, at least in theory. In practice, it proved impossible in the conventional arms field until startling ideological changes on one side virtually did away with the conflict itself. In the Middle East there are never only two sides, and the conflicts are an ever-shifting mixture of ideology and concrete national interests. The chances of all the states in the region adopting similar ideologies (whether democratic, revolutionary-Islamic or conservative-Islamic) seem remote; even if they did there is no guarantee that conflicts of national interest would be overcome.

Above all, there is the problem of Israel. As long as it is not part of any regional "security order" it is very unlikely that the latter could be translated into a workable arms-control regime, because even if the Arab and Moslem states ceased to be afraid of each other they would continue to fear Israel and to argue that they needed to defend themselves against it. In fact, any Arabs reading this article will already have uttered a hollow laugh at the second sentence. In their eyes, Israel has been "threatening with aggressive military force to dominate the entire Middle East" virtually throughout its existence, and actually dominating it at least since the Camp David agreements of 1978.

The logical answer would be to bring Israel itself into the new security order, so that Arabs no longer feel threatened by it, nor it by them. But no Arab state will agree to that so long as Israel does not withdraw from the territories occupied in 1967 and allow the inhabitants to decide their own destiny. And unhappily, the behaviour of both Israelis and Palestinians during this latest conflict makes that outcome seem less likely than ever.

Joe Rogaly

Itchy fingers on the election trigger

The expectation of a summer election is becoming a powerful force. If it continues to build up as it has over the past few weeks Mr John Major may be bounced into setting an early date – say June 6. The pressure on the prime minister has been greatly increased by the allies' victory in the Gulf. If the opinion polls hold, he will be urged to make a dash for it while the going seems good; to wait, it will be argued, is to risk defeat at a later date. It depends on the recession.

There is no justice in this, for it has been President George Bush's war, and his triumph. Everyone else has tagged along, with varying degrees of enthusiasm. The president has displayed remarkable diplomatic skill. He assembled the alliance, orchestrated it, and brought it to battle. The UN did not do it; the Security Council merely fell into line. Last year's talk that Mr Bush needed Mrs Margaret Thatcher to stiffen his resolve is shown to be eyewash. She has not been around since November 28. The American president has held his nerve throughout, and particularly during the past fortnight, as he resisted the various Soviet peace initiatives. In the end he announced the ceasefire on his own terms. For a moment the new emperor of a new Rome, it is he who has earned the laurels.

Mr Major's part in the drama should be seen for what it is. He is the understudy who picked up his lines, read them his way, and became a star. With Mr Douglas Hurd, the foreign secretary, he may influence the post-war settlement, but operation Desert Storm was already sketched out when he came to office 14 weeks ago. It has been developed in "consultation" with the allies, including Britain. Everything has been agreed on the telephone between London and Washington, with the latter taking the lead. The new prime minister has stepped from the telephone in his office to the waiting television cameras outside No 10 Downing street. He has spoken for the American plan in a manner that has matched the mood of the British nation, as the former prime minister could never have done. His performance in the Commons yesterday was in this sense masterly. He has been duly rewarded. His poll rating has risen to unprecedented heights, eclipsing the peaks achieved by his predecessor.

With all this in the bag it is hardly surprising that there is election talk. Even the economic news is less unremittingly gloomy than it seemed to be just a week ago. Interest rates have been cut by two percentage points since October 5, when Britain announced its intention to join the exchange rate mechanism of the European Monetary System. There is a good chance that a further two points will be off the rate by June. Mortgage rates have already been trimmed. Inflation is falling sharply. The increase in the retail prices index could fall to 6.5 per cent in April. The figure will be published in May.

The danger for Mr Major is that the momentum in favour of a June election will build up

Mr Major, fresh to the job, has to retain the possibility of an election in October, or even next year

to such a pitch that, unlike Mr Bush in the Gulf, the British prime minister could lose control of events. A populist Budget on May 19 could clinch the matter. It happened like that in 1987. Speculation about a June contest fed upon itself, so that Mrs Thatcher was faced with the choice of going to the polls or creating the impression that she was afraid to do so. This time Mr Major, fresh to the job, has to keep open the possibility of going in October, or even next year. He is becoming known as a calm, even phlegmatic, manager; perhaps his character will convince the public that he means to move at his own pace.

This he will almost certainly do. The case for an early election is by no means proven. It will take a month or two to establish the quality of public support for the Conservatives. They are benefiting from not being led by Mrs Thatcher; no one can be certain of how much they are gaining from being led by Mr Major until the matter has been put to the test in peacetime.

There will be a dry run in the Ribble Valley by-election next Thursday, but the real evidence will come with the local elections at the beginning of May. The results will be hard to read, since no one is expecting the Tories to be as well ahead, or the opposition as divided, as they were at the time of the comparable elections in May 1987. All such contests are likely to be more affected by the poll tax than the events in the Gulf. An indication that the tax is to be abolished, perhaps hinted at during the Conservative local government conference this weekend, might work wonders in Ribble. Everyone is aware that a proper plan must be worked out well in time for the local elections.

Meanwhile Mr Christopher Patten, the party chairman, is working on the Tories' new social market economy election manifesto. Right-wing conservatives who bemoan the apparent leftwards social inclinations of the Major administration should learn the facts of life. Mrs Thatcher could get away with her protestations of economic liberalism because the opposition parties split the non-Tory vote. Now the Labour party is scoring within a point or two of the Conservatives in most polls. Its leader, Mr Neil Kinnock, is looking more like a potential prime minister than he ever has before.

The former Alliance parties have lost more than half their 1987 support, the larger portion of it to Labour. A harshly Thatcherite manifesto could drive soft Tories into the arms of the Liberal Democrats. That is what happened in 1964, when Labour won fewer votes than it had in 1959 but more seats. The reason is that the Liberals, who went from 6 per cent of the poll in 1959 to 11 per cent in 1964, siphoned off the votes of disgruntled Tories. The Liberal Democrats, whose leader, Mr Paddy Ashdown, has grown in stature during the war, might move from their present 10 per cent in the polls to, say, 15 per cent in a June election – unless Mr Major completes the process of selectively stealing their clothes. Before he presses the election button he will want to be sure that he knows where he is going.

Air power determined the outcome of the conflict, writes **David White**

Sky wars delivers the victory

It was an incredible war. Hardened military men have difficulty believing it.

Never can the unfolding of a war have been so exhaustively foretold. But nobody predicted that the initial bombing campaign would go on for so long, or that the final land battle would be so short.

When it started, one senior British officer put his money on a six-week war. A fortnight ago he was convinced he had been wrong. It turned out he was exactly right.

In the end the Iraqi army was left floundering. When the shooting ended, fewer than 20,000 out of more than 600,000 troops in the Kuwait region were in a condition to fight.

From invasion to liberation, the war was characterised by three weapons which make up this century's peculiar contribution to warfare: the tank, the aircraft and the missile. Of these the most important was the aircraft.

The air campaign predetermined the outcome. Aircraft could not finish it alone, but by the time the ground war came, Iraq's soldiers had nothing left to fight for; President Saddam Hussein had already made clear he did not plan to stay in Kuwait. Nor did they have the means to fight the invading coalition. General Norman Schwarzkopf, the allied commander, told how the air campaign prevented them from countering, or even seeing, the flanking movement which allied troops mounted through the Iraqi desert to the west of Kuwait. Supporting aircraft also played a crucial role in the land campaign.

No conflict has ever been won from the air to quite this extent. The nearest example might be Israel's 1967 war, begun with a pre-emptive air strike against Egyptian and other Arab air forces. General Robert Oaks, a former Vietnam pilot now commanding US and Nato air forces in Europe, said recently that air power had "to some extent been redefined" by the Gulf war. The experience would, he said, "alter views of air warfare and influence equipment purchases and tactics for many years to come".

Allied aircraft losses in combat were fewer than 0.1 per cent of missions flown, an unprecedentedly low figure. Longer range, greater lifting power and much more accurate weapons have multiplied the effectiveness of air raids. "Precision bombardment of selected targets" – a phrase used to describe US doctrine in the Second World War – has taken on a new meaning. As the probability of a "kill" with a single blow increases, fewer aircraft need to be risked.

One telling illustration is provided by Group Captain Andrew Vallance, the RAF's director of studies: a raid that the US carried out against Germany in 1943 involving 230 four-engined B-17 bombers, each with a crew of 10, could today be done by eight F-16s, one of the lightest jets in the US inventory. And the F-16s could fly three sorties in the time taken by the B-17s.

Group Captain Vallance believes that as western countries thin out their defence structures and require more flexible military instruments, offensive air power must assume an ever-increasing importance. Air chiefs will not let this aspect of the Gulf war's lessons be easily forgotten.

The planning and execution of the US-led campaign has been remarkable in several respects:

- Co-ordination between disparate coalition forces worked much better than many feared – both in the air, with more than 106,000 sorties flown by all kinds of aircraft including refuelling tankers, and on the ground, where every Arab contingent had US special forces assigned to it for this purpose. Tragic mistakes involving "friendly fire" were fewer than in most wars. In the Second World War, the US destroyed two of its own submarines with all hands aboard. Gen Schwarzkopf was himself bombed by B-52s in Vietnam.
- The Iraqis were duped on a massive scale. They were apparently unable, before the land offensive, to track the movement of allied armour to the west of the Kuwait-Saudi border. The UK did its best to keep under wraps the fact that its 1st Armoured Division had been reassigned from the US Marines in the east to the US VIIth Corps to the west. Even now, few in the UK have heard of General Fred Franks, although as US VIIth Corps commander he was the man giving operational orders to UK troops.
- Iraq's front-line minefields, sand walls and trenches, the essence of their First World War style of defensive battle, were crossed with remarkable ease by US marines and Arab forces. The reason the Iraqis did not use chemical weapons to stop them may have been because the speed of the allied advance gave them no opportunity to do so.
- Casualties on the allied side – fewer than 200 killed or missing in action, according to the official figures – were extraordinarily light in relation to the scale of forces involved and to the (uncounted but almost certainly massive) Iraqi losses.


F-16 Fighting Falcons in Iraq: no conflict has ever been won from the air to quite this extent

Military chiefs will cite it as a war in which they were allowed to make the decisions. About the Vietnam experience, President Lyndon Johnson is supposed to have told a confidant: "I am aware of my main mistake in the war: I would not put enough trust in my military advisers."

The US did not slide into the conflict as it did in Vietnam. The accumulation of its forces took time, but eventually the US ended up with considerable surplus capacity. A whole amphibious landing force, one of the first options considered for recapturing Kuwait, remained unemployed. Ground forces stocked up 60 days' supplies for a campaign that eventually lasted four days.

As Gen Schwarzkopf made patently clear, allied troops could have gone for Baghdad. But that was one step beyond the limit of their military objectives, which extended only as far as destroying the Republican Guard.

Like all modern wars in which nuclear powers have been involved, it was a conflict of limited aims and means. Using all possible weapons to inflict the greatest possible defeat is not an option. In Korea, the US and its allies were restrained by the need to avoid confrontation with the Soviet Union or a prolonged war with China. In Vietnam, US bomber pilots had to avoid places where Soviet or Chinese advisers might be hit. Small wars like Britain's against Argentina have been more neatly limited.

The bomb damage to Iraq was selective, but the extent of efforts to avoid "collateral damage" – the greatest euphemism of the war – appears to have varied, and the dividing line between military targets and civilian infrastructure was murky. Whether the war could have been won with more limited means will remain a subject of debate.

LETTERS

Maintain your dividends through the recession

From Mr Michael Howell.

Sir, In the light of the current debate on future UK dividend policy, I was interested to re-read a Lex column from June 1987 which quoted the findings of Ben Ball, as published in the Harvard Business Review.

Mr Ball analysed the 50 largest US companies by market capitalisation over the period 1970 to 1984. He found that the stock market dislikes retained earnings. Lex reported Mr Ball as finding that "blue-chip companies should distribute their profits because the market will ruthlessly discount anything they keep and in some cases even penalise their share prices".

Lex also reported that Ball found "the average for the 50 US companies showed that investors actually received only 84 cents for every dollar retained".

If this also applies to the UK the implication is that companies should return profits to shareholders as dividends, where a pound is, at least, valued at a pound. Companies that require additional equity capital for new plant would be required to come to the market and make the case for funding.

If the higher institutional investor presence in the UK stock market means that the relative value of dividends over retentions is even higher, then the case for industrial companies maintaining their current rate of dividends through this recession is a compelling one.

Far from reducing the average cost of capital, a dividend cut today may paradoxically increase it by raising the cost and reducing the possible size of a future rights issue.

Michael Howell,
research director,
Salomon Brothers International,
Victoria Plaza,
111 Buckingham Palace Road,
SW1

Regenerate our manufacturing

From Bill Williams.

Sir, In Ms Rachel Johnson's article ("Oil and erratics push trade deficit up", February 26) on the trade balance, the figures show little change in trading from last year.

If the assessed invisible input is removed, we are standing still despite high interest rates and the catastrophic fall in manufacturing investment.

We must import less and export more.

To do so we must regenerate our manufacturing base.

Bill Williams,
director general,
Engineering Industries Association,
16 Dartmouth Street,
Westminster, SW1

Better railways unlikely to reduce road congestion

From Mr Peter J Witt.

Sir, Few can doubt the need for a better, especially better managed, railway system.

However, in suggesting that this would significantly reduce urban road congestion, Mr Bushell ("Railway claim has been glaringly exposed", Letters, February 16) is flying in the face of the evidence.

At a hearing by the Commons transport select committee, the director of planning at LRT said: "The expected transfer from private car to the Chelsea-Hackney line would be very small." This only confirms the impact of the Victoria line when it opened.

Recent studies from Europe show a similar picture. In Stuttgart and West Berlin, for instance, improvements in the public transport system have had only a marginal effect on car traffic.

Even more telling, a study by the Stockholm metropolitan authority has just concluded that even if public transport was improved to reduce daily travelling time by an average of 20 minutes, while halving the number of changes necessary and was free of charges, fewer than 10 per cent of motorists would transfer to public transport.

More than 80 per cent of commuters to central London already use public transport – a higher proportion than in many subsidised cities.

The scope for change is minimal. In any case, the major growth is in van drivers servicing the increasingly-sophisticated equipment in offices, shops, factories and, indeed, homes.

The only way to improve the situation is by a mix of measures, including better public transport, effective law enforcement, modern traffic management, well-thought-out parking policies and orbital road improvements to channel unnecessary traffic away from city centres.

When my computer breaks down, I would prefer the service engineer not to come by public transport – train or bus.

Peter J Witt,
director,
British Road Federation,
Pillar House,
194-202 Old Kent Road, SE1

Further interest rate cuts needed

From Mr Philip Rathkey.

Sir, Your feature on high street banks in difficulty ("Cold comfort in the high street", February 26) did not mention the consequences for their customers.

On renegotiating my small business overdraft with a branch of one of the Big Four banks this week, I was told branches had been instructed to increase the interest rate on secured overdrafts from the normal 3.5 per cent to 5 per cent over base rate and on unsecured overdrafts to 7.5 per cent – and that this was in line with the other banks.

The chancellor might reflect that, in the light of this action by the banks, a further ¼ percentage point cut in interest rates is required to restore the January position for thousands of small businesses. Without further substantial cuts in base rates, the interest rate burden is still getting heavier for many business borrowers.

Philip Rathkey,
4 The Winnyards,
Cumnor,
Oxfordshire.

Something completely different

From Mr Dylan Thomas.

Sir, There may not be anything "particularly dodgy about Rank's accounting by British standards" (Lex, February 20) but Lex's understanding of current accounting practice is suspect.

Rank has not made "nifty use of merger accounting".

From the accounts it is clear that The Rank Organisation has used acquisition accounting in the preparation of its group accounts but has taken advantage of merger relief to set up a merger reserve in the company accounts.

Goodwill has been written off against this reserve.

Merger accounting is, as they say, something completely different.

Dylan C Thomas,
City University Business School.

FINANCIAL TIMES
Friday March 1 1991

CHALLENGE TO MOSCOW

Miners begin strike for higher pay

By John Lloyd in Moscow

THE SOVIET government faces a new challenge to its authority today as nearly a million miners from the main Soviet coal areas start an indefinite strike for higher pay, better food and decent housing.

It is the second nationwide protest by miners who earn Rs500-Rs600 a month, double the national average.

Their initial strike two years ago for more food and basic essentials, such as soap, first revealed the depth of popular anger at the failure of perestroika to deliver better living standards.

The latest strikes, co-ordinated by the independent miners' union formed two years ago, have been called in support of wage increases of between 100 and 150 per cent and in protest against the government's failure to honour earlier promises.

Miners in the Kuzbas area of Siberia have called for the resignation of President Mikhail Gorbachev ,an end to the Communist party's monopoly on power and dissolution of the Supreme Soviet (parliament).

Their demands further raise the political temperature only days after Mr Gorbachev warned of the danger of civil war during a speech to tractor factory workers in Belorussia.

Some 600m tonnes of coal is produced annually in the Soviet Union, feeding many power stations and factories. A halt to production when stocks are low at the end of winter could lead rapidly to hardship with temperatures still below freezing. Many areas are already facing power cuts because of cuts in nuclear power, transport and distribution bottlenecks and accidents.

Leaders of the independent miners' union, Mr Pavel Shishpanov and Mr Alexei Sergeev, said in Moscow yesterday that three of the main areas – the Donbass in the Ukraine, Vorkuta in the Polar North and Karaganda in Kazakhstan – will strike from today.

The Kuzbas miners, who failed to get support for a political strike in protest at the killings in Lithuania last month, go on strike from Monday. Shell Coal International last year signed a contract to import coal from this area for sale in north-west Europe.

The central authorities have made no efforts to avert the strike, and seem prepared to sit it out. Union leaders said they held talks last weekend with Mr Gennady Yanaev, the Soviet vice-president and a former trade union chief, but without agreement.

Mr Vitold Fokin, the prime minister of the Ukraine, said yesterday that the pay claim would add Rs5bn to the republican budget, when it was already running a deficit of Rs11bn. "If we meet the miners' demands, we will have to slash funds to compensate people for retail price rises and repeal wage rises for some other workers. We cannot do it."

Kuzbas and Vorkuta miners are subject to food rationing, which includes only one kilo of flour and sugar a month.

Gorbachev appoints economic adviser, Page 6

Kohl defends policy on monetary union

By David Marsh in Bonn

CHANCELLOR Helmut Kohl, defending Germany's policies on European monetary union (Emu), yesterday insisted that "convergence in economic and budgetary policies" was the decisive condition for moving to a European currency.

His remarks on Emu came in a news conference at which he sought to justify this week's controversial government decision to raise taxes to cover Gulf war payments and the costs of German unity.

Last night, Mr Kohl achieved an important breakthrough on channelling more funds to depression-hit east Germany when he agreed with the federal states (Länder) to transfer an additional DM10bn ($6.5bn) this year to east Germany.

The extra funds will be channelled by changing a scheme for regional distribution of value added tax. This was sealed as a result of the Bonn government's agreement to abandon plans to abolish certain company taxes later in the legislature period. Mr Rudolf Seiters, the Chancellery minister, last night called the agreement with the Länder "a great act of solidarity" with the impoverished states of east Germany.

At his news conference earlier in the day, Mr Kohl termed as "absurd" a complaint from the spokesman of the European Commission in Brussels on Wednesday that Bonn was backtracking from the agreed timetable for setting up a European central bank.

"Everyone knows that this is an existential question for Germany. We will only have a good and peaceful future in combination with Europe," Mr Kohl said.

However, he set down two conditions for monetary union. This had to take place at the same time as European political union – on which a parallel inter-governmental conference is taking place in Brussels. Additionally, monetary union would only succeed if it were based on convergent policies among member states, the chancellor said.

This conditionality was a key point in Bonn's draft text on the mooted Emu treaty, released in Brussels on Tuesday, which proposed delaying creation of a European central bank at least until 1997.

Bonn's strict conditions on moving towards Emu were also spelled out yesterday by Mr Jürgen Möllemann, the economics minister. He said "material changes" in stage two of Emu, due to start on January 1 1994, could only be agreed once there was clarity about the eventual stage three move to permanently fixed currencies. Mr Möllemann made his remarks in a statement released in association with his visit to Frankfurt for a meeting of the Bundesbank's policy-making council,

In fielding questions about domestic economic policy, Mr Kohl yesterday was clearly put on the defensive by German newspaper criticism of Bonn's latest tax-raising measures. He denied that he felt "guilty" about the revenue-raising plan, which broke an election promise not to raise taxes to pay for unification.

Mr Kohl said that the east German economy had deteriorated more than expected because of a collapse in orders from the Soviet Union. He admitted that he had under-estimated the scale of problems during the hectic preparatory phase before German unity last year.

Kohl: "Convergence in economic and budgetary policies" the decisive condition for moving to a European currency.

Howe warns on EC monetary split, Page 6

Major to reinforce Britain's commitment to Europe

Philip Stephens, Political Editor, in London

MR JOHN MAJOR, the UK prime minister, yesterday began building the platform for the government's general election campaign with a firm commitment to keep Britain in the mainstream of Europe.

Mr Major's stancecame amid the growing speculation at Westminster that victory in the Gulf and falling mortgage rates may foreshadow a June election.

Mr Major, who plans to begin setting out in more detail both his domestic and foreign policy priorities in a series of speeches over the next few weeks, is said to be keeping an open mind on the date of the election.

He has agreed, however, with Mr Chris Patten, the Tory party chairman, that he has to stamp his authority across the range of government policies so he is ready to take any opportunity that presents itself.

A speech tomorrow to Conservative activists in which he will sketch out his domestic priorities will be followed by high-profile talks with President Mikhail Gorbachev in Moscow early next week. That will be followed by a visit to Bonn to meet Chancellor Helmut Kohl, and officials want to arrange a trip to Washington for talks with President George Bush.

Mr Neil Kinnock, the Labour party leader, signalled his party's concern not to be caught off guard by an early election with a wide-ranging attack on the government's economic policy.

The prime minister's positive tone on Europe follows a move by Mr Douglas Hurd, the foreign secretary, to reinforce the improved relations with Europe partners that followed Mr Major's succession to Mrs Margaret Thatcher.

In a confidential minute sent to ministers throughout the government, Mr Hurd has set out guidelines for negotiations in Brussels aimed at ensuring that the government is not isolated.

Ministers are told to devote more effort to building coalitions with other European governments and to avoid, if possible, committing themselves to positions which leave them in a minority of one.

100 days in power, Page 9

THE LEX COLUMN

ICI maintains its nerves

The announcement of ICI's figures yesterday was charged with symbolism. Ten years ago almost to the day, the dividend was cut. Then as now, great chunks of the company's traditional business were in loss. Then as now, radical upheavals were being planned in the business. But ten years ago the company was gripped by panic. This time, it would have us believe, everything is under control. Not only is the dividend being held. The strong suggestion is that even if this year's profits fall further, the dividend will be held again.

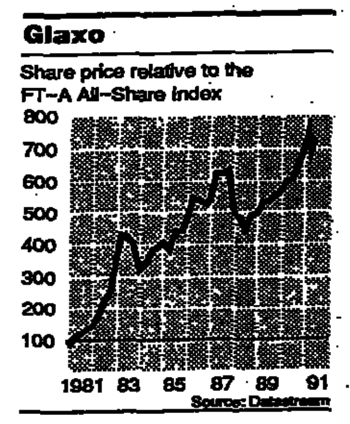
Though there are no hints on what ICI's planned £300m-worth of restructuring might consist of, it is possible to venture a guess or two. The past decade's drive into higher value-added products has had its failures: advanced materials, colours and films are all making losses. Similarly, some of the old-style commodity businesses are in for a tough time in the lower-growth 1990s: ethylene, chlorine, titanium dioxide, PVC.

But whatever middle ground ICI picks to fight on, it is not easy to see growth resuming quickly. The atrocious conditions of last year's final quarter, when pre-tax profits fell 72 per cent, are likely to continue to the mid-year, peace in the Gulf notwithstanding. For the full year, profits could be down 20 per cent from last, the result being substantially lower than in 1984. Even thereafter, there is no guarantee that the sharp cyclical rebound of the early 1980s will be repeated. At 1027p, the shares yield 7.1 per cent. There seems no obvious reason for outperformance.

Barclays

Judging by the market reaction, Barclay's chairman had done too good a job talking down expectations ahead of yesterday's reassuring results. The 4 per cent rise in the shares was due partly to the increased dividend; but also, one suspects, because a whacking £180m increase in general provisions should cushion profits this year and put the bank in much stronger shape for recovery than NatWest.

Making up a good chunk of the £760m pre-tax profits figure was a worrying rag-bag of one-offs, including a £75m pension saving. Underlying second half profits came in at just £160m, while there was bad news from the US and Australia, both of which will need careful watching in future. But by focusing attention on its excellent tier one capital ratio and its ability to turn in genuine cost reductions rather than below-budget figures, Barclays seems to have convinced the market that it has made adequate use of its 1988 rights issue. Moreover, the chairman's carefully rehearsed answer that BZW has the parent bank's continued confidence was followed by the neat sting that it will need to be making around £100m pre-tax annual profits to justify its long-term existence. NatWest might take note.



Glaxo

Yesterday's 6 per cent leap in Glaxo's share price was a useful reminder that even a company worth £14bn retains the capacity to surprise. The key figure in the interim results – aside from the 21 per cent rise in the dividend – was the 12 per cent growth in sales volume. Granted, the problem for Glaxo as for the industry is not so much volume as prices; Glaxo managed increases of less than 2 per cent nominal this time, compared with a peak 4.5 per cent four years ago. But while the industry may have to live with static or even falling prices in the near future, Glaxo specialises in the best defence against that, the ability to invent drugs.

Thus, it now claims to have seven drugs with annual sales of over $100m apiece, against four two years ago. The next will supposedly be the new anti-nausea drug, first launched a year ago. Then comes the contentious new asthma drug Serevent, to be followed shortly by the migraine treatment. Meanwhile the two chief older drugs, Zantac and Ventolin, continue with volume growth of 11 per cent apiece. The gap between old and new still bears watching, particularly since Zantac will be facing generic competition in the US from 1995 onwards. But while a prospective multiple of 17 and a running yield of only 3.2 per cent may seem slightly daunting, it would be a rash investor who assumed Glaxo had run out of steam.

Markets

There was something genuinely impressive about the strength of the London equity market yesterday. The end of the Gulf war had little to do with it, judging by Wall Street and the European bourses. It obviously helped that the three big results of the day – ICI, Glaxo and Barclays – were each in their own way reassuring. But there may also be a sense that UK fund managers are losing their nerve about staying liquid in the face of base rate cuts and talk of an early election. It seems improbable that there should be a fresh bull run with the market standing only 80 points or so off its all-time high. But it is not easy to see what could send it back down again, unless perhaps all those mysteriously absent rights issues are finally about to materialise.

UK composites

Sob stories about insurance in 1990 are no longer an issue for the market. The game now is to judge the speed of recovery and place bets on the main runners. Like CU and GA earlier in the week, Royal Insurance appears to accept that the only way to get back into shape is to sacrifice market share. A retention ratio of just 66 per cent on some key lines in the US and the loss of 11 per cent of the company's UK motor fleet business are signs that it means what it says. It is possible to see break-even this year and a strong profits comeback in 1992 and 1993; but as Eagle Star underlined yesterday, the threat from state-backed continental rivals should not be underestimated by any of the composites.

Royal's insistence that it has no plans for a rights issue or disposal of the Aachener Münchener stake can be taken at face value, even though its solvency ratio was higher 10 years ago when it made its last cash call. The weaker balance sheet is nevertheless bound to be a handicap when the good times return, which explains why the yield at 7.6 per cent is at a premium to the sector.

Spain cuts rates on government securites

By Peter Bruce in Madrid

THE SPANISH Treasury yesterday moved to rein back the peseta – the strongest currency in the EMS – by cutting interest rates on government securities in the wake of this week's reduction in UK base rates.

At its bond auction, the Treasury bill (Letras del Tesoro) rate was cut 0.32 percentage points to 13.999 per cent; three-year bonds shed 0.54 points to 13.996 per cent; and the rate on five-year paper fell 0.48 points to 13.805 per cent.

The cuts followed Britain's half-point cut in bank lending rates on Wednesday. Any cuts in Spanish interest rates would help to reduce pressure on the French franc and the pound, the two weakest currencies in the exchange rate mechanism of the European Monetary System.

The reduction made little difference, however, to the position of the peseta in the EMS. The Spanish currency, which fell to Pta62.43 against the D-Mark early yesterday, recovered later in the day and was quoted last night at Pta62.25; little changed on the previous close.

Analysts said the move had also been prompted by the end of the Gulf war, which the Finance Ministry has said could lead to a mini-economic boom as delayed investment plans are brought into play.

Although the cuts came a day after Mr Carlos Solchaga, finance minister, promised further short-term interest rate cuts, analysts warned that the Treasury may have "jumped the gun" on the central bank, which in the past two weeks has cut just 20 basis points off its intervention rate and may be loath to proceed too quickly.

Despite pressure on the government to reduce the cost of money, a combination of strong credit demand, high inflation in January and rapidly growing money supply problems might force an upward readjustment of rates again before the summer if they fall too far now, economists warn. Rates on Spanish gilts fell below 14 per cent this time last year, only to rise to nearly 15 per cent again as the economy resisted efforts to cool it down.

But the signs are that the authorities are going to make a concerted attempt this year to cut rates, although few economists expect falls of more than 1 per cent. It is assumed that the dollar will fall again after its recent rise – and drag sterling down with it.

Once the pound is back on the floor of the EMS exchange rate mechanism, and if the UK chancellor of the exchequer continues cutting interest rates, the Spanish, at the top of the system, will be hard pressed to hold the peseta within its ERM band unless they too reduce rates.

The government and the Bank of Spain have said repeatedly that domestic interest rates would begin to fall once inflation showed signs of a sustained slowdown.

Madrid managed to draw the consumer price index down to a 6.5 per cent rise last year after 6.9 per cent in 1989, but poor figures in January pushed annualised inflation for this year up to 6.7 per cent. Mr Solchaga has said the February inflation figure will be significantly lower.

Allies begin search for lasting peace

Continued from Page 1

he said he would do.

Following a meeting late on Wednesday with Mr Douglas Hurd, the British foreign secretary, Mr Baker will meet the French, German, Italian and Canadian foreign ministers over the next few days before he leaves next Wednesday for his trip to the region.

He will visit Saudi Arabia, Syria, Egypt, Israel, Turkey, and the Soviet Union and will consult the government of Kuwait. This will be Mr Baker's first visit to Israel.

The State Department said yesterday that the areas for discussion would be regional security arrangements, arms control and proliferation, Arab-Israeli peace and regional economic co-operation.

A new UN Security Council resolution is being put forward by the coalition allies, dealing with the political terms and conditions to be addressed for the end of the war.

This will cover the specific ceasefire terms announced by Mr Bush and issues such as acceptance in principle of liability for damage and injuries caused by Iraq and the immediate return of all Kuwaiti assets taken by the Iraqis.

The resolution will also remove economic sanctions against Kuwait (the freezing of its assets after the August 2 invasion), and will allow for the provision of humanitarian assistance to the people of Iraq.

Discussions are also under way within the coalition about continuing the arms embargo while Mr Saddam remains in power and about the maintenance of economic sanctions.

News of the ceasefire brought early gains on many of the world stock markets.

Kuwaiti firefighters not daunted

Continued from Page 1

pumping it to a secret location on the site – say the bombing was done with pinpoint accuracy, whereas the Iraqi sabotage was hasty and incompetent.

One refinery worker suggested that Iraqi sabotage and allied bombing had damaged only about 20 per cent of the equipment at Kuwait's refineries, but that must remain a very preliminary estimate.

The hundreds of burning oil wells are a much more serious problem, because underground pressure of oil and gas means they will not burn themselves out in the foreseeable future. International relief efforts seem certain to focus on the oilfields.

Diplomats started returning to their embassies yesterday as Kuwaitis were struggling to restore a semblance of order to their country.

Mr Michael Weston, the British ambassador who was holed up in the embassy for months after the Iraqi invasion, was mobbed by grateful Kuwaitis shouting "Long live Great Britain" when he returned to his post in a helicopter.

British Marines and soldiers, including bomb disposal experts, had earlier abseiled from a helicopter onto the embassy roof. They blew open the main door with explosives and searched for booby traps.

Mr Weston said the word barbaric was too weak to describe the damage to Kuwait and its oilfields perpetrated by the Iraqi forces. "I'd no idea it was so horrifying", he said. "Until one actually flies over them I don't think one can believe how terrible it is."

The Iraqis destroyed several royal palaces and caused other incidental damage to Kuwait City in August last year, and in a final act of vengeance they hurriedly burned down oil installations, power stations and hotels in the last days before they fled.

A British Airways jumbo jet, which had landed at Kuwait airport as the Iraqi invasion was under way on August 2 last, is now a charred hulk, apparently set alight by the invaders along with another airliner.

Some installations have also been hit by allied bombs, but most were targeted deliberately because they were of strategic value to the Iraqis.

Kuwait is not irreparable. Yesterday, British Hercules transport aircraft made their first flights into Kuwait airport to assess the most urgent supply requirements. Hotel workers were cleaning up the debris left by the Iraqi occupation in those hotels which were still usable.

Despite the smoke-laden mid-afternoon darkness, Kuwaitis continued to drive around hooting their horns, waving flags and cheering. Expensive convertibles emerged from garages after seven months of lying idle and Kuwaitis took video film and snapshots of themselves and their children with allied troops. Friends and relatives who had not seen each other for months and feared the worst embraced each other on the streets.

"Life has to go on," said Mr al-Jezira. "However, long it takes, we are going to rebuild Kuwait. At least the people of Kuwait are free now. You can walk in the streets."

WORLDWIDE WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	C	14	57	Berlin	C	1	34	Caracas	C	36	97	Faro	-	-	-	Islamabad	F	19	66
Algiers	C	15	59	Biarritz	C	11	52	Casablanca	C	15	59	Florence	C	11	52	Istanbul	S	8	46
Amsterdam	R	1	34	Bombay	S	25	77	Chicago	C	-1	30	Frankfurt	C	2	36	Jakarta	R	31	88
Athens	S	16	61	Bordeaux	C	7	45	Cologne	C	3	37	Geneva	C	9	48	Jersey	S	8	46
Bahrain	-	-	-	Boulogne	F	8	46	Copenhagen	C	-1	30	Gibraltar	R	14	57	Johannesburg	F	28	82
Bangkok	F	33	91	Brussels	R	6	43	Corfu	F	15	59	Glasgow	C	5	41	Lima	F	24	75
Barcelona	F	12	54	Budapest	S	3	37	Dallas	S	8	46	Helsinki	C	-3	27	Lisbon	-	-	-
Beirut	-	-	-	Buenos Aires	R	29	84	Dublin	F	6	43	Hong Kong	F	21	70	London	C	9	48
Belfast	S	5	41	Cairo	F	20	68	Dubrovnik	C	12	54	Innsbruck	F	6	43	Los Angeles	C	13	55
Belgrade	C	3	37	Cape Town	S	25	77	Edinburgh	R	2	36	Inverness	R	4	39	Luxembourg	Dr	3	37

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Madeira	-	-	-	Milan	C	9	48	Nicosia	S	17	63	Salzburg	F	4	39	Tenerife	S	20	68
Madrid	R	6	43	Montreal	S	-10	14	Oporto	-	-	-	San Francisco	R	12	54	Tokyo	R	15	59
Majorca	F	15	59	Moscow	C	0	32	Oslo	C	-1	30	Seoul	S	3	37	Toronto	S	-10	14
Malaga	C	15	59	Munich	C	0	32	Paris	C	7	45	Singapore	F	30	86	Tunis	F	17	63
Malta	-	-	-	Nairobi	S	22	72	Peking	S	5	41	Stockholm	Sn	-2	28	Valencia	F	12	54
Manchester	C	6	43	Naples	C	13	55	Prague	F	3	37	Strasbourg	R	3	37	Venice	C	9	48
Manila	-	-	-	Nassau	C	27	81	Reykjavik	S	-1	30	Sydney	C	23	73	Vienna	F	3	37
Melbourne	F	22	72	New Delhi	-	-	-	Rhodes	S	16	61	Taipei	-	-	-	Warsaw	C	0	32
Mexico City	C	26	79	New York	S	2	36	Rio de Janeiro	C	36	97	Tangier	C	14	57	Washington	S	0	32
Miami	C	21	70	Nice	R	11	52	Rome	T	14	57	Tel Aviv	F	14	57	Zurich	C	3	37

Temperatures at midday yesterday C – Cloudy Dr – Drizzle F – Fair Fg – Fog H – Hail R – Rain S – Sunny Sl – Sleet Sn – Snow T – Thunder

FINANCIAL TIMES COMPANIES & MARKETS

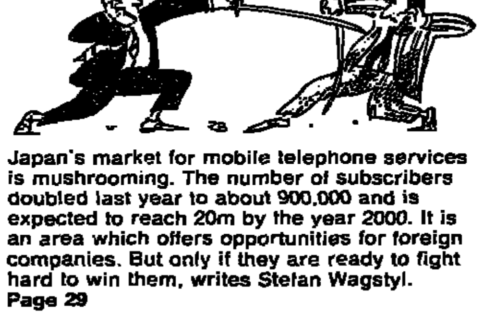
Friday March 1 1991

INSIDE

Anglovaal boosted by rights offer

Anglovaal, one of South Africa's leading mining houses, increased turnover and profits in the six months to the end of December, due mainly to increased interest receipts from a rights offer. Operating profit rose 51 per cent to R397m ($154.7m) from R263.7m. **Page 21**

Phone fight in Japan



Japan's market for mobile telephone services is mushrooming. The number of subscribers doubled last year to about 900,000 and is expected to reach 20m by the year 2000. It is an area which offers opportunities for foreign companies. But only if they are ready to fight hard to win them, writes Stefan Wagstyl. **Page 29**

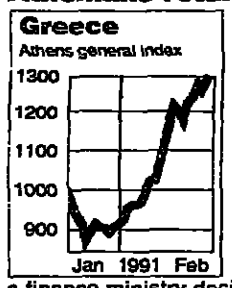
Cowie hit by interest

T Cowie, the Sunderland-based vehicle fleet operator and distributor, saw pre-tax profit fall nearly 30 per cent to £11.3m ($21.7m) after a £6.7m increase in interest payments. Tom Cowie (left), chairman and chief executive, said the short-term rental division was to shut, with an extraordinary cost of £2.3m. **Page 25**

Going up

Three stops on the Berlin subway. That is all it takes. But for Pierre Fougeron, head of European operations at Otis Elevator, it is a journey back in time. He describes the group's east German sister plants as 30, 40, even 50 years behind those in the west. The challenge is to change this situation over the next two or three years, introducing western production machinery and manufacturing methods, reviving dormant technical skills, and instilling new attitudes towards customers. **Page 29**

Athenians return to the fray



Small investors, who contributed much to last year's record-breaking performance on the Athens bourse, are returning with a vengeance. Broad market confidence has been helped by approval of a large EC loan to the government. Furthermore, private investors are taking advantage of a finance ministry decision to postpone a crackdown on tax evasion on funds finding their way to the bourse. **Back page**

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)				PARIS (FFr)			
Rises				**Rises**			
Brown Boveri	820	+	30	Bouygues	611	+	33
Gerresheimer	365	+	19	GTM-Ent	421	+	18.5
Falls				Havas	521	+	26
BMW	466	−	12	Locafrance	490	+	10
Karstadt	552	−	18	Valeo	315	+	18
Kaufhof	464	−	11	**Falls**			
Veba	334	−	13	CGIP	1056	−	24
NEW YORK ($)				**TOKYO (Yen)**			
Rises				**Rises**			
Cetus	12⅝	+	1¼	Fuji Oil	930	+	100
Chrysler	13⅞	+	1½	Ryosan	3140	+	330
Ford Motor	32¼	+	1¾	Toyo Kohan	893	+	100
Falls				**Falls**			
Stryker Bri	33¼	−	1	Ishii Iron Wks	1110	−	80
Sciencesoft	20	−	4½	Nihonbashi Wks	1140	−	80
Wal-Mart	35	−	1½	Takuma	1740	−	110

New York prices as at 12.30pm.

LONDON (Pence)							
Rises				Laing (J) A	336	+	28
[illegible]tours	169	+	12	Ldn Forfaiting	115	+	16
Ashley (Laura)	74	+	9	Lopex	66	+	9
Barclays	417	+	17	More O'Ferrall	228	+	17
Cowie (T)	69	−	6	Perry	123	+	11
De Morgan	14	+	3	Refuge	683	+	30
[illegible]ness	49	−	9	Sanderson M.E.	235	+	30
[illegible] Earth T.	95	+	16	**Falls**			
[illegible] (Jas)	103	+	7	Dares Ests	6¼	−	2½
Glaxo	974	+	58	Rockware	52	−	7
[illegible]	539	+	20	SEET	19	−	3
[illegible]	363	+	43				
ICI	1027	+	31				

Philips posts record loss of Fl 4.24bn

By Ronald van de Krol in Eindhoven

PHILIPS, the Dutch electronics group, reporting a record multi-billion guilder loss for 1990, said sales had dropped in the beginning of this year but forecast trading conditions would improve enough for it to end the year with a profit.

Mr Jan Timmer, president of Philips, said sales in January and February totalled Fl 7.4bn ($4.35bn), down 4 per cent, compared with the first two months of 1990 and 5 per cent below the company's targets.

The company, which is carrying out an extensive restructuring programme, said it posted a net loss of Fl 4.24bn in 1990, slightly higher than its predictions of Fl 4bn.

The loss reflects Fl 4.65bn in provisions taken to finance a radical pruning of its sprawling, worldwide operations, including a cut of nearly 20 per cent in its total workforce. Mr Timmer, who was making his first appearance at the company's annual press conference since his appointment in July, said the group had no plans for large-scale divestments of entire divisions in its efforts to return to profitability.

Although he declined to rule out far-reaching joint ventures at divisional level, he said Philips would concentrate on internal efforts to boost results, such as cost-cutting and better management of assets and inventories. Mr Timmer gave no specific forecast for the level of net profit in 1991 but he said profit would be posted even without the help of extraordinary items.

By the end of 1991, Philips expects to have reduced its workforce to less than 240,000, down sharply from 286,000 in the 1990 third quarter when the lay-offs began. Mr Timmer was at pains to emphasise that the job cuts were being made at all levels of the organisation.

In the Netherlands, 20 per cent of the company's top managers at the level of director and assistant director are to be made redundant.

Besides the huge loss recorded in 1990, Philips also saw a 3 per cent decline in sales to Fl 55.8bn, though turnover actually rose by 5 per cent, after taking currency movements and disposals into account.

Mr Timmer said he was "not dissatisfied" by the 1990 sales figures. "We see this level as evidence of the fact that our customers remained loyal to us and that the organisation has not lost its resilience, despite all the problems we face."

Operating profit, excluding restructuring provisions, fell to Fl 2.26bn from Fl 2.63bn in 1989. After provisions, however, operating results swung into a loss of Fl 2.39bn compared with a profit of Fl 2.29bn a year earlier.

Lighting, one of the traditional strengths of the Philips group, saw a sharp reversal in operating profit, which was almost halved to Fl 419m.

The company met heavy competition in North America, where it suffered a decline in both market share and selling prices. Consumer electronics was the only sector to post a rise in operating income, to Fl 1.7bn from Fl 1.3bn.

Operating profit in professional products, which includes computers, plunged to Fl 18m from Fl 128m.

Operating losses in components narrowed to Fl 11m from Fl 101m, reflecting a decline in losses on integrated circuits.

ICI falls by over a third to £977m

By Clive Cookson in London

IMPERIAL Chemical Industries, the largest UK manufacturer, yesterday reported pre-tax profits down to £977m in 1990 from £1.527bn in 1989. The company said the 36 per cent fall was "due both to the impact of recession in most major economies and to the effects of the Gulf crisis".

Although the result was broadly in line with analysts' forecasts, ICI shares closed 31p up at 1027p. The market was relieved that ICI had sprung no nasty surprises – and particularly that the dividend was held at last year's level of 55p.

"Currently there is great uncertainty and 1991 is likely to be another difficult year," said Sir Denys Henderson, chairman. "However actions now being taken will ensure that ICI worldwide is in an even stronger position to benefit when economic conditions eventually improve."

The main unexpected item in the 1990 accounts was an extraordinary charge of £300m for "reshaping the ICI Group business portfolio, comprising withdrawals through business divestments, closures and other restructuring measures".

The charge is related to a new business strategy which ICI has adopted for the 1990s. This will concentrate the group's resources "even more selectively" on "strong businesses which can play a truly global role". Other parts of ICI "will generally be viewed either as cash generators or candidates for divestment," Sir Denys said.

"For commercial reasons I am not prepared to give further details about our plans for restructuring," he said. Nor would he give an estimate of likely job losses: "as regards people, it has always been the ICI practice that those who are affected should be the first to know. The plans, however, are substantial."

In addition to the £300m provision, ICI has set aside £128m for the partial closure of its UK fertilisers business. In January the government blocked the sale of the business to Kemira of Finland, on the advice of the Monopolies and Mergers Commission, and ICI has been unable so far to find another purchaser.

The company said yesterday it would stop making "compound fertilisers" but would continue producing "ammonium nitrate fertilisers" with a view to selling that part of the business in the future.

Although earnings per share were down to 87.9p from 135.0p in 1989, ICI's strong financial position enabled it to maintain the 55p dividend, said Mr Colin Short, finance director. Net borrowings fell to £1.6bn from £2.1bn in 1989 and gearing was reduced to 31.6 per cent.

Lex, Page 16

Alex Krauer: to have realised a profit of more than SFr1bn in the circumstances was an impressive performance

Ciba-Geigy cuts dividend on 33% fall

By William Dullforce in Geneva

CIBA-GEIGY, Switzerland's leading chemicals group, said yesterday that it was cutting its dividend after posting a fall of more than 33 per cent in operating profit to just over SFr1bn ($795m) in 1990.

The board proposes to lower the dividend from SFr65 to SFr60 a share and participation certificate. The SFr65 paid on the 1989 account represented an increase of 30 per cent over the 1988 payout.

Ciba-Geigy said its flexible dividend policy led "logically" to a lower dividend in 1990. A payment of SFr60 a share would still amount to an increase to 32 per cent in the part of group earnings distributed to shareholders.

Dr Alex Krauer, chairman, signalled the profits slide last month when the group reported a 4 per cent fall in 1990 consolidated sales to SFr19.7bn. Excluding currency factors turnover grew by 4 per cent.

Yesterday, Ciba-Geigy said 1990 had been characterised by renewed political instability, a 9 per cent appreciation in the Swiss franc, higher inflation, stagnating growth and signs of incipient recession in main markets, all of which made the 1989 record results unrepeatable. The company attributed four fifths of the fall in profits to currency factors.

To have realised a profit of more than SFr1bn in the circumstances was an impressive performance which spoke well for the group's potential, Dr Krauer said.

Worldwide spending on research and development totalled SFr2.1bn, up by 5.6 per cent in local currency terms. In pharmaceuticals the spending was SFr941m, equivalent to about 15 per cent of sales, and a range of new pharmaceutical products was introduced last year.

Total capital investment also amounted to SFr2.1bn with spending on environmental protection approaching SFr300m. These sizeable investments should bear fruit in the next few years, the company said. In the meantime, steps to reduce costs and raise productivity have been undertaken. Ciba-Geigy said the cost of the early retirement offer made to some 1,600 employees in Switzerland would be debited to equity and not to group profits.

Ciba-Geigy bearers fell SFr40 to SFr2,830 while its registered shares lost SFr100 to SFr2,410.

Barclays hit by £1.2bn bad debts

By David Lascelles, Banking Editor

BARCLAYS, the UK's largest clearing bank, suffered bad debts of over £800m ($1.53bn) in the UK last year as the recession took its toll.

But this was only one of several setbacks which produced what Sir John Quinton, the chairman, termed a "disappointing" pre-tax profit of £760m, an increase of 10 per cent.

Barclays' credit card business – once a big money spinner earning £75m a year – made a loss because of mounting fraud and bad debts, and most other parts of the business were down. Total bad debts were £1.2bn.

The bleak result did not come as a surprise because Sir John had issued repeated warnings in past weeks.

The message was reinforced by a modest dividend increase of only 8 per cent, as well as by news that Barclays wants to cuts its 87,000 UK staff by over 15 per cent, starting with 5,000 jobs this year.

Sir John said he doubted that the UK recovery would come before the second half of the year, by which time he forecast base rates would have fallen another 1.5 per cent to 11.5 per cent, and inflation would be down to 6.5 per cent.

Barclays' strongest performer was on the non-banking side. Profits at its insurance sales and broking division were up 10 per cent while operations in the European Community, where Barclays is placing greater emphasis, also turned in a healthy increase.

Lex, Page 18; Details, Page 25

Omni suspended as pressure builds on Rey

By William Dullforce in Geneva

TRADING in the shares of Omni Holding, Mr Werner Rey's company, on the Swiss stock exchanges was suspended at midday yesterday, as pressures built up on the Swiss financier to find a quick solution to his cash and debt difficulties.

Mr Jürg Neck, Omni's spokesman, said the suspension, which would continue today, had been sought "to prevent possible insider trading in view of potential change in the shareholding of Adia," the big employment and services group.

Omni has sold a 53 per cent stake in Adia for SFr770m ($592m) to Asko Deutsche Kaufhaus and Mr Klaus Jacobs, the Swiss businessman, according to an announcement on Tuesday from the big German retailing group.

Adia yesterday issued a court order against Omni, asking it to explain what was happening to 100,876 Adia shares currently owned by Omni but providing backing for a convertible bond issued to Adia. The shares are part of the 700,000 Omni plans to sell to Asko and Mr Jacobs.

The SFr216m bond maturing in April, 1993 was issued as part payment of the DM1bn that Omni paid in 1989 to Adia for Harpener, the German holding company. It was convertible at Adia's option into Adia shares held by Omni.

This debt, restructured since 1989 to give a higher coupon, now amounts to SFr192m. Adia is not opposed to Asko and Mr Jacobs becoming its main shareholders but clearly feels exposed, should Mr Rey not be able to resolve his problems. Mr Neck said "all kinds of talks" were continuing, including those involving possible participation in Omni by Mr Tiny Rowlands' Lonrho group.

NAB plans A$1bn rights issue

By David Lascelles, Banking Editor

NATIONAL Australia Bank, Australia's largest bank, is to make a rights issue to raise up to $A1.1bn (US$866.1m). But yesterday's announcement was coupled with a warning that Australia's economic problems will depress profits in the current half-year.

The one-for-five issue consists of up to 201m new ordinary shares at a price of A$5.25 a share.

The announcement of the rights issue came after the Sydney stock market had closed, with NAB's share price up 6 cents on the day to A$6.26. Six new shares will also be issued for every 25 convertible notes at the same price. The issue, which closes on May 10, has been fully underwritten by stockbrokers J. B. Were.

NAB said the proceeds of the rights issue would be used to strengthen the bank's capital and for general purposes, including the growth of the business.

NAB added the money might also be used for acquisitions if appropriate opportunities arose, though no specific acquisition was on the cards. NAB has been the most acquisitive Australian bank in recent years, buying the UK's Yorkshire Bank just over a year ago for £1bn (US$1.92bn).

The bank's directors warned the issue would result in a diminution in earnings per share and that the dividend pay-out ratio might have to be reduced. But they stressed the issue would eventually contribute to future shareholder returns.

The issue is accompanied by a forecast that the bank's operating profit for the current financial year "will be satisfactorily maintained". But the directors said the profit for the six-month period ending March 31 "is likely to be lower than for the comparable period in the previous year".

In its latest financial year to September 1990, NAB made a net profit of A$767m, a decrease of 3.1 per cent on the previous year. Last month the bank's chairman Sir Rupert Clarke, warned shareholders there would be further loan losses due to the worsening of Australia's terms of trade.

Although yesterday's rights issue will help the bank weather the current economic storm, NAB was already sufficiently well-capitalised for most eventualities.

ANGLOVAAL LIMITED

Incorporated in the Republic of South Africa
Reg. No. 05/04580/06

Interim Report for the Half-Year ended 31 December 1990

FINANCIAL RESULTS

The consolidated results are as follows:

GROUP INCOME STATEMENT

	Unaudited Half-year ended 31 December 1990 Rm	1989 Rm	Increase/ (Decrease) %	Audited Year ended 30 June 1990 Rm
Turnover	3 843,3	3 183,7	21	6 719.7
Operating profit	397,0	263,7	51	587.8
Income from investments	15,9	24,2	(34)	48.0
Profit before taxation	412,9	287,9	43	635.8
Taxation	192,7	132,1	46	261,6
	220,2	155,8	41	374,2
Equity accounted earnings	39,0	57,7	(32)	103.9
Profit after taxation	259,2	213,5	21	478.1
Attributable to outside shareholders of subsidiaries and preference dividends	123,9	107,9	15	239.9
Earnings attributable to equity shareholders	135,3	105,6	28	238,2
Earnings per share (cents)	227	247	(8)	530
Dividend per share (cents)	30	30	–	92
Number of shares on which earnings per share is based (000)	59 624	42 824		44 945
Net worth per share (rand)	46	46		47

GROUP BALANCE SHEET

	Unaudited 31 December 1990 Rm	1989 Rm	Audited 30 June 1990 Rm
Capital employed			
Shareholders' interest	1 914,7	927,7	1 811.1
Outside shareholders' interest	1 431,8	1 151,6	1 358.6
Total shareholders' interest	3 346,5	2 079,3	3 169.7
Debt capital	200,6	200,6	200.6
Deferred taxation	174,2	164,6	147.9
Long-term borrowings	372,3	336,5	362,8
	4 093,6	2 781,0	3 881,0
Employment of Capital			
Fixed assets	1 258,4	1 283,5	1 237,3
Investments	740,4	600,7	713.9
– associates and mining subsidiaries	570,8	455,7	549,3
– listed	146,1	124,9	140,6
– unlisted	23,5	20,1	24,0
Loans and long-term debtors	33,9	88,1	31,9
Net current assets	2 060,9	808,7	1 897,9
Current assets	3 679,2	2 615,9	3 789,7
Current liabilities			
– interest bearing	210,7	258,3	212,1
– other	1 407,6	1 548,9	1 679,7
	4 093,6	2 781,0	3 881,0
Market value of listed investments, associates and mining subsidiary	1 591,3	1 791.8	1 680,5
Book and carrying value of listed investments, associates and mining subsidiary	478,3	401,2	427.4

COMMENT

Earnings for the period increased by 28 per cent mainly as a result of the additional interest received from the investment of funds raised through the rights offers by the Company and Middle Witwatersrand (Western Areas) Limited. This earnings growth translated into an earnings per share decline of 8 per cent due to an increase of 39 per cent in the issued share capital consequent upon the rights offer May 1990. The contribution of the industrial division recorded modest growth, Anglovaal Industries Limited ("AVI") recording a 5 per cent increase in earnings. Most markets served by the AVI group were subjected to reduced margins and restricted consumer spending. Increased profits from the rubber division of Consol Limited, the dry food and beverage sector and the frozen food sector were negated by lower contributions from the construction and electronics and textile sectors. Profitability of the mining division was lower due to reduced prices received for base and precious metals. This caused lower dividend receipts and reduced equity accounted earnings, in particular from The Associated Manganese Mines of South Africa Limited. The Group's gold mining interests continued to be plagued by the declining real terms rand gold price and increased working costs.

It is anticipated that earnings for the year to June 1991 will continue to display growth but earnings per share – due to the higher number of shares in issue – a decline compared to June 1990.

The exploration programmes for gold in the Sun and Oribi areas in the northern Orange Free State continue, with the emphasis remaining on the southern part of the Sun area where the current drilling phase is designed to further delineate certain ore body boundaries and reef/grade continuity. At the time of issue of the 1990 annual report, it was expected that the evaluation of the results of that phase would be completed by mid-1991. In the light of drilling delays it is now expected that a further nine months or so will be required for completion.

As in the recent past, the activities in the Sun and Oribi areas continue to account for the largest portion of expenditure incurred on exploration and the acquisition of mineral rights. During the period under review, the Group's total share of the costs of exploration, the purchase of mineral rights and ancillary costs amounted to R36,0 million (1989: R41,5 million). It is anticipated that the Group's total share for the current half-year will amount to R43,7 million (1990: R55,6 million).

INVESTMENTS

The development by De Beers Consolidated Mines Limited of the diamond mine on the farm Venetia, in the northern Transvaal, pursuant to the agreement with Saturn Mining, Prospecting & Development Company (Proprietary) Limited ("Saturn"), in which the Group has an 87,5 per cent interest, is progressing according to schedule. The upgrading and extension of the existing plant was completed during the six months under review and limited production commenced. Completion of the new main recovery plant is still expected by mid-1992. Pending recoupment of the capital, Saturn is entitled to a minimum royalty of 12,5 per cent of the mine's profits before appropriations for capital expenditure.

In December 1990 Prieska Copper Mines Limited announced that it had been decided to close its copper/zinc mine at the end of January 1991 following falling rand metal prices which resulted in operating losses being incurred.

During the half-year ended December 1990, Loraine Gold Mines, Limited ("Loraine") announced its intention to dispose of certain mineral rights to Target Exploration Company Limited ("Target"), in exchange for shares in Target, following encouraging exploratory drilling results on portions of Loraine's mineral rights holdings north of its lease area and which warranted a further more detailed drilling programme. The necessary funds required to finance the drilling programme were raised by means of a R45 million rights offer by Target. Loraine renounced its rights in terms of the rights offer to its ordinary shareholders. The offer was underwritten by Anglovaal and following the closing of the offer, Anglovaal now holds 53 per cent of the equity of Target.

In January 1991, AVF Group Limited ("AVF Group") made an offer to acquire a maximum 35 per cent shareholding in The Board of Executors Limited. The total purchase consideration of R57,2 million will be settled by the issue of AVF Group shares. Anglovaal has agreed to provide a cash underpin of the AVF Group shares to be issued which could result in AVF Group becoming a subsidiary of Anglovaal.

The Company and the shareholders of Weedons Minerals (Proprietary) Limited ("Weedons") have entered into an agreement in terms of which the Company will, subject to exchange control approval, acquire 100 per cent of the issued shares in Weedons – a leading world producer of high grade andalusite. When the agreement becomes unconditional, Middle Witwatersrand (Western Areas) Limited will accept the Company's offer of a 49 per cent interest in Weedons.

Anglovaal Industries Limited ("AVI") is presently concluding negotiations which, if successful, would result in AVI increasing its effective 46,5 per cent indirect interest in subsidiary Grinaker Holdings Limited ("Grinaker") to a direct ownership of 51 per cent of the issued capital of Grinaker.

A conditional agreement has been concluded whereby National Brands Limited will, on 2 April 1991, acquire the South African business of Yardley of London (Africa) (Proprietary) Limited.

CAPITAL EXPENDITURE

The capital expenditure of the Group for the half-year ended 31 December 1990 was R91,8 million (1989: R122,3 million). Capital expenditure amounting to a further R181,3 million (1989: R119,7 million) at 31 December 1990 had been authorised of which R83,6 million (1989: R23,1 million) had not yet been contractually committed.

COMMITMENTS AND CONTINGENT LIABILITIES

At 31 December 1990 commitments amounted to R6,7 million (1989: nil). Contingent liabilities amounted to R61,1 million (1989: R14,2 million).

DIVIDENDS DECLARED AND PAID

Final ordinary dividend No.89 and N ordinary dividend No.1 of 62 cents each per share, totalling R27,1 million for the year ended 30 June 1990 (1989: 51 cents – R22,4 million), were declared on 4 June 1990 and paid on 3 August 1990.

Interim ordinary dividend No.90 and N ordinary dividend No.2 of 30 cents each per share, totalling R18,1 million for the half-year ended 31 December 1990 (1989: 30 cents – R13,2 million), were declared on 26 November 1990 and paid on 25 January 1991.

For and on behalf of the board
B.E. Hersov, Chairman
Clive S. Menell, Deputy Chairman
Directors

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Anglovaal House
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28 February 1991

Directors:
B.E. Hersov D.M.S., Hon. LL.D. (Chairman), Clive S. Menell (Deputy Chairman), B.L. Bernstein Hon. LL.D., D.J. Crowe, E.H. Fox, J.J. Geldenhuys, E.G.D. Gordon, J.C. Robbertze, R.T. Swemmer, R.A.D. Wilson.

INTERNATIONAL COMPANIES AND FINANCE

Advancing sales lift Wal-Mart to $481.8m

By Karen Zagor in New York

WAL-MART, one of the fastest-growing US retailers, yesterday turned in a 13 per cent increase in fourth-quarter net income to $481.8m, or 42 cents a share, from $425.9m or 38 cents a year ago. Sales advanced 28 per cent to $10.36bn from $8.11bn.

The costing of inventories under the last-in first-out (Lifo) method reduced fourth-quarter net income by $399,000, compared with an increase in net income of $18.4m, or 2 cents a share, in 1989.

For the year, Wal-Mart had net income of $1.29bn, or $1.14, up 20 per cent from $1.08bn, or 95 cents, the previous year. Sales jumped 26 per cent to $32.6bn from $25.81bn.

Although the recession has had less of an impact on Wal-Mart's performance than most other US retailers, the company's results were slightly weaker than Wall Street had expected and its shares fell $1¼ to $35 in active mid-day trading on the New York Stock Exchange.

The impact of the US recession was reflected in the balance sheet of J. C. Penney, the fourth biggest US retailer, which yesterday unveiled a 43.9 per cent drop in fourth quarter earnings.

For the three months to January 26, Penney had net income of $206m, or $1.68 a primary share, compared with $367m, or $2.95, a year ago. Retail sales in the quarter were flat at $5.26bn, while total revenues were unchanged at $5.52bn.

For the whole of 1990, Penney's net income fell 28 per cent to $577m, or $4.59 a primary share, from $802m, or $6.31, in 1989. Its 1989 results were reduced by a non-recurring tax charge of $20m, or 15 cents a share.

Cetus patents upheld

By Louise Kehoe in San Francisco

CETUS, the US biotechnology company, has won a legal battle against Du Pont, the US chemicals giant. The suit threatened to invalidate Cetus patents covering technology which has revolutionised the field of microbiology.

A San Francisco court upheld Cetus' patents covering the GeneAmp polymerase chain reaction process (PCR), which enables minute amounts of genetic material to be replicated millions of times.

The PCR process, introduced by Cetus in 1985, has spawned dozens of small companies and become a pivotal technology in medical diagnostics, the detection of genetic disorders, cancers and infectious diseases, including Aids, paternity analysis, and molecular biology research.

The Cetus patents had been challenged by Du Pont in a suit filed in 1989. Cetus then filed a counterclaim, charging Du Pont with patent infringement for its sale of PCR materials. Last month, Cetus filed another suit, aiming to block Du Pont's sales of PCR products.

Cetus claimed the court decision to be a "major victory". Du Pont said it was disappointed by the decision, but that it has not yet decided whether to appeal.

A separate trial will determine whether Du Pont has infringed the Cetus patents.

AIG improves by 9.7%

By Karen Zagor

AMERICAN International Group (AIG), the fourth biggest US domestic property and casualty insurance group, yesterday reported a 9.7 per cent improvement in fourth-quarter net income to $381.9m from $348m a year earlier.

Earnings per share advanced 5.9 per cent to $1.79 from $1.69. There were more shares outstanding in the 1990 quarter. Revenues increased by 16.9 per cent to $4.3bn from $3.7bn.

Operating income during the quarter rose 9.1 per cent to $296.1m from $271.3m.

For the whole of 1990, AIG's net profits grew 5.5 per cent to $1.44bn, or $6.92, on revenues up 11 per cent to $15.7bn, compared with net earnings of $1.37bn, or $6.64.

Mr Maurice Greenberg, chairman, said the company achieved record net income and operating income in 1990 in spite of competitive pricing in the domestic property-casualty industry.

In the fourth quarter, pre-tax operating income from general insurance rose 9.1 per cent to $296.1m. The company's life insurance operations brought in pre-tax operating income of $126.6m, up 12.8 per cent. Operating income from AIG's financial services business was $43m, against $25.9m the previous year.

Citicorp records rise in overdue mortgages

CITICORP, the largest banking company in the US, said its home mortgage delinquencies continued to rise in the fourth quarter due to the weak US economy, particularly in the north-east, Reuter reports.

In its annual report, released yesterday, it said mortgages that were more than 90 days overdue climbed to $1.3bn, or 4.4 per cent of its $28.6bn mortgage portfolio at year end. That was up from of 2.4 per cent in 1989 and and 1.2 per cent in 1988.

Citicorp said $952m in loans to highly leveraged companies were non-performing and $2.56bn in commercial real estate loans were cash-basis, or non-performing, at year end.

"Commercial real estate lending has historically been an important business for Citicorp," the company said, but the latest problems in that area "reflect adverse conditions in US real estate markets".

"While the final extent of market weakness cannot be determined, US commercial real estate cash-basis loans and write-offs are expected to increase in 1991," it added.

Citicorp said the economic downturn had caused "certain leveraged finance borrowers" to report lower earnings and had contributed to a general reduction in new leveraged acquisition finance activities.

Square D rejects $1.9bn Schneider bid

By Barbara Durr in Chicago

SQUARE D, a US electronic equipment manufacturer, yesterday rejected an unsolicited $1.9bn merger offer from Schneider Groupe, a French electronic products maker.

In an effort to thwart a possible hostile takeover, Square D began litigation against Schneider in a US district court in New York alleging the proposed acquisition would violate US anti-trust laws.

The complaint alleges the merger would illegally reduce competition and that Schneider nominees for the board, because of their relationship to the French company, would violate US prohibitions on interlocking directorates.

In a letter to Schneider's chairman, Square D's board said its rejection of the merger offer was based on the determination that the interests of the Square D's shareholders, customers, and employees are best served by remaining independent.

Rio Algom pays special dividend and cuts business

By Bernard Simon in Toronto

RIO ALGOM, the Canadian mining and metals group 52 per cent owned by Britain's RTZ, has declared a large special dividend and is putting almost half its business up for sale.

RTZ will collect C$140m (US$121.6m) from the C$6.25-per-share dividend. The bulk of the dividend will be financed by the proceeds of Rio Algom's sale of its stainless steel manufacturing interests two years ago.

The funds were originally intended to finance an acquisition, but the company has so far failed to find anything suitable. Asking prices for gold producers, in particular, have been too high.

Rio Algom also said that, following an extensive strategic review, it will concentrate its business on mining, and is putting its metals distribution business up for sale.

Mr Ray Ballmer, Rio's chief executive, said yesterday that "We'll be a smaller company but a more strongly focused company."

The metals distribution interests in Canada, the US and Australasia accounted for 44 per cent of Rio Algom's 1989 revenues of C$1.7bn. They include Atlas Alloys in Canada and Vincent Metals in the US, both of which specialise in stainless steel and aluminium distribution.

Despite the special dividend, Rio Algom said it was still searching for high-quality mining acquisitions, primarily in North America.

It will have cash reserves of over $70m after the dividend payment, and expects a significant infusion of cash over the next two years from deliveries of uranium under high-priced, long-term contracts.

The sale of the metals distribution business could also provide substantial resources for a mining acquisition.

Rio Algom said it had sufficient funds to finance the Cerro Colorado copper project in Chile. Its other mining interests include potash, copper, uranium and tin operations, mainly in the US and Canada. Rio Algom earned C$87.3m last year on sales of C$1.4bn.

Air Canada suffers loss of C$74m for full year

By Robert Gibbens in Montreal

AIR CANADA, the country's largest airline, suffered a fourth-quarter loss after being buffeted by high fuel costs, a big decline in business and tourist travel and heavy restructuring costs.

The airline also posted a final net loss of C$74m (US$64.26m) for all 1990, or C$1.01 a share, against 1989 earnings of C$149m, or C$2.06 a share.

Operating revenues were C$3.9bn, up 7.9 per cent, while operating expenses rose 10.1 per cent to C$3.89bn, excluding special provisions for staff reductions.

Fuel prices were up 18 per cent on average from 1989 and in the final quarter jumped 46 per cent, year-on-year.

The company did not break down fourth-quarter results, but analysts estimated the loss for the period was C$76m, excluding a special provision for the airline's credit card operation now up for sale. A year earlier, there was a profit of C$59m.

Air Canada has cut back on its routes.

INTERNATIONAL COMPANIES AND FINANCE

Suitors for Allied seek to resolve differences

By Philip Gawith

UNITED BUILDING Society and First National Bank (FNB), the two competing South African suitors seeking control of the Allied building society group, are trying to "resolve their differences" following an undisclosed ruling made by the country's Securities Regulation Panel.

The panel was required this week to rule on an appeal by FNB against its earlier ruling that United and its partners were not concert parties and hence had not triggered clauses in the takeover code requiring an offer to be made to minorities.

The panel said yesterday that United and FNB had requested that details of the appeal ruling, which has been delivered to them, be kept confidential until the outcome of a meeting between themselves and the panel on Monday. In the meantime United and FNB are to hold talks.

The nature of the compromise which United and FNB might seek to strike is not immediately clear. Even if the panel reverses its ruling, United would appear to be protected from having to make an offer to minorities by a provision in the Companies Act providing that "no person shall be liable in respect of anything done in good faith in the exercise or performance of a power or duty conferred or imposed by" the chapter relating to the regulation of securities.

Insofar as United and partner's conduct activated terms of the code, they did so only because they were acting in terms of a ruling of the panel.

Rights offer receipts lift Anglovaal

By Philip Gawith in Johannesburg

ANGLOVAAL, one of South Africa's leading mining houses, increased turnover and profits in the six months to the end of December, due mainly to increased interest receipts from a rights offer.

Turnover rose 21 per cent to R3.84bn ($1.5bn) from R3.18bn. Operating profit rose 51 per cent to R397m from R263.7m but reduced income from investments and equity-accounted earnings saw attributable earnings rise by 28 per cent, to R135.3m from R105.6m.

Earnings per share fell following the May 1990 rights issue, which saw a 39 per cent increase in Anglovaal's issued share capital. But the earnings per-share fall was only 8 per cent, to 227 cents from 247 cents. The dividend was maintained at 30 cents a share.

The mining division's profitability was cut due to reduced income for base and precious metals. This caused lower dividend receipts and reduced equity-accounted earnings, particularly from the Associated Manganese Mines operation.

The group's gold interests continued to suffer from the industry's profit squeeze.

The industrial division's contribution grew modestly, recording a 5 per cent increase in earnings.

Mr Basil Hersov, chairman, said delays in the drilling phase of the Sun gold exploration project in Orange Free State meant that the drilling evaluation would not be complete until early 1992.

On the investment side, Prieska Copper Mines closed in December as it was incurring losses; Target Exploration, in which the group has a 53 per cent stake, raised R45m to further explore promising gold deposits in the lease area north of Loraine mine; agreement has been reached to acquire Weedon Minerals, a leading world producer of andalusite; and the group's interests in the financial sector were extended by obtaining, for R57.2m, a maximum 35 per cent holding in the Board of Executors.

Bankorp improves after rescue

By Philip Gawith

BANKORP, the banking arm of the Sanlam group, returned to profitability in the six months to the end of December after making losses in the previous year, as management undertook dramatic steps to rescue the bank from its parlous financial position.

Net operating income rose to R220.5m ($86m) from R149.1m. Mr Piet Liebenberg, executive chairman, said this early improvement could be mainly ascribed to improved interest margins as a result of merging the three treasury divisions.

Provision for doubtful loans was R139.2m, up from R96.2m, and attributable profit was R48.3m compared with R40.5m.

The bank made a net loss of R368.4m in the year to June following write-offs and a 143 per cent increase in bad debt provision, following imprudent asset growth of about 40 per cent a year in 1988 and 1989.

Mr Liebenberg said profitability levels could be ascribed to continuing high write-offs, increased administration expenses, only having one month's interest from the R560m rights issue and a R25m provision for tax.

The group's assets declined at a yearly rate of 6 per cent to R33.7bn from R34.8bn. Mr Liebenberg said this was less than the group's aim of about 10 per cent a year, but the trend was in the right direction.

An interim dividend of 10 cents per share was declared.

Building group ahead despite recession

MURRAY AND ROBERTS, the South African industrial holding company in the Sanlam group with construction and engineering interests, overcame a deteriorating economy to record increased turnover and profits in the six months to December, writes Philip Gawith.

Turnover increased 14 per cent to R2.24bn ($875m) from R1.95bn and operating profit was 9 per cent up at R143.4m. Margins were tighter owing to reduced use of capacity because of lower volumes. Attributable earnings rose 7 per cent to R74.7m.

The industrial, construction and engineering divisions contributed roughly a quarter of operating profits each. The suppliers and services division contributed slightly less, with the balance coming from properties. Suppliers and services performed worst, suffering from the low demand for quarry products, ready-mixed concrete and bricks. Low prices for bricks reflect the slowdown in the country's low-cost housing industry.

The group spent R60m on acquisitions in the period and more are planned. It says that the recession will make it difficult to increase attributable earnings for the year.

However, due to the strong cash and balance sheet position, the dividend has been increased by 15 per cent to 46 cents per share from 40 cents.

Cost rises hit Sumitomo Chemical

SUMITOMO Chemical, a leading Japanese chemicals producer, reported a 15.2 per cent fall in consolidated pre-tax profits to Y48.3bn ($365m) for 1990, writes Emiko Terazono in Tokyo.

The company said that, although consolidated sales increased 13.5 per cent to a record Y1,070bn, profits were hurt by the time lag between the increases in material costs and product prices.

Operating profits fell 7.1 per cent to Y61.4bn, and after-tax profits declined 34.7 per cent to Y22.8bn.

Plant depreciation costs were reassessed, increasing 29 per cent.

The increase in sales was attributed to the strong demand for petrochemical products, which pushed sales of basic chemicals up 13.1 per cent to Y508.6bn. Sales for speciality chemicals grew 11.4 per cent due to strong export growth.

For the year ending December this year, Sumitomo Chemical expects sales and operating profits to increase by 5 to 6 per cent.

Toyota S Africa advances

TOYOTA South Africa, the country's largest motor vehicle manufacturer, and the only one listed, increased both market share and profits in the year to December, writes Philip Gawith.

Turnover increased by 6.8 per cent to R3.12bn ($1.21bn) from R2.92bn. Operating income was 43.3 per cent up at R252.3m, but a 55 per cent rise in the tax bill hit attributable earnings, which only rose 28.6 per cent to R112.4m from R87.4m.

This is viewed against the background of a 5.1 per cent drop in the total new vehicle market, to 334,777 in 1990 from 352,629 in 1989. Demand for Toyota vehicles exceeded supply and retail sales rose to 96,629 units in 1990 from 90,635 units in 1989, an increase of 6.6 per cent. Market share rose to 28.9 per cent from 25.7 per cent.

Earnings per share rose 28.6 per cent to R27.64 from R21.49 and the dividend was 15.9 per cent higher at R4.75 against R4.10.

Brewing group profits slip

SHARPLY increased borrowing costs for Magnum, the Australasian brewing and retailing group, led to a 3 per cent drop in operating profits to NZ$30.4m (US$18m) in the six months to December 31, writes Terry Hall.

Interest-bearing debt rose to NZ$229.3m from NZ$157.3m, as funds were committed to the New Zealand retail business and the shareholding in Wilson Neill was lifted to 31.4 per cent from 15.4 per cent.

Mr Norman Johnson, chairman, said that Magnum was pursuing the sale of its remaining hotels in Auckland, Rotorua and Queensland. However, he added that the company was buying a 50 per cent interest in Austotel Trust, the Australian pub group, for NZ$110m from Standard Chartered Bank of the UK. The chain controls 190 pubs.

Directors considered the result satisfactory in a half year marked by the worst Australasian trading environment for many years.

NZI Bank turns into black

By Terry Hall in Wellington

NZI BANK, badly hurt by the 1987 share market crash, posted a big turnround from losses to profits of NZ$7.8m (US$4.7m) in the year to December 31, due to injections of funds from its parent General Accident, the UK insurance company.

Previous years' losses were NZ$249.5m in 1989, and NZ$95.2m in 1988, when the bank was forced to make heavy bad debt provisions.

Mr Jim Macaulay, NZI chief executive, said the bank would make good profits from now on.

General Accident took full ownership of NZI Bank, NZI Corporation – its underwriting operation – and its life assurance business in 1989.

Also included in the 1990 result was a £53m ($102m) loss by NZI Corporation. General Accident's banking group posted an overall loss of £6.3m.

MIDDLE WITWATERSRAND (WESTERN AREAS) LIMITED

An Anglovaal Group Company
Reg. No. 05/04469/06
Incorporated in the Republic of South Africa

Interim Report for the Half-Year ended 31 December 1990

FINANCIAL RESULTS

The consolidated results are as follows:

Consolidated Income Statement

	Unaudited Half-year ended 31 December 1990 R000	1989 R000	Increase/ (Decrease) %	Audited Year ended 30 June 1990 R000
Turnover	55 199	23 185		47 430
Income	50 341	15 804		35 859
Investment income	8 051	14 586	(45)	28 310
Interest received	42 290	1 218		2 876
Surplus on realisation of investments	–	–		4 673
Expenditure	7 062	8 968	(21)	14 431
Prospecting	6 199	7 840	(21)	11 851
Other (net)	863	1 128	(23)	2 580
Profit before taxation	43 279	6 836		21 428
Taxation	20 349	28		460
	22 930	6 808		20 968
Share of earnings of associated companies	4 032	8 442	(52)	12 784
Profit after taxation	26 962	15 250		33 752
Attributable to outside shareholders	46	69		120
	26 916	15 181		33 632
Preference dividends	3 696	3 642		7 321
Attributable to ordinary shareholders	23 220	11 539	101	26 311
	cents	cents		cents
Earnings per ordinary share	7,2	4,8	50	10,8
Dividend per ordinary share	2	2		6

Consolidated Balance Sheet

	Unaudited 31 December 1990 R000	1989 R000	Audited 30 June 1990 R000
Capital employed			
Ordinary shareholders' interest	608 108	151 856	591 542
Preference share capital	50 000	51 271	51 271
Outside shareholders' interest	558	499	558
Group shareholders' funds	658 666	203 626	643 371
Employment of capital			
Investments – associates	98 116	104 710	98 926
– other – listed	47 973	43 435	43 206
– other – unlisted	4 836	649	4 836
Mineral and surface rights	51	51	51
Loans for purchase of mineral rights and mine development costs	55 901	42 500	50 926
Long term loans	3 331	5 001	4 753
Deferred tax asset	–	2 745	2 339
Net current assets	448 458	4 535	438 334
Current assets	460 566	15 618	451 845
Current liabilities – non-interest bearing	12 108	11 083	13 511
	658 666	203 626	643 371
Market value of listed investments and listed associates	565 239	753 228	659 160
Carrying value of listed investments and listed associates	56 813	52 685	52 299
Net worth per ordinary share (cents)	334	352	372
Weighted average number of ordinary shares in issue (000)			243 804
Number of ordinary shares in issue (000)	321 642	241 836	

Comment

Earnings attributable to ordinary shareholders for the period increased by 101 per cent as a result of interest received from the investment of funds raised through the May 1990 rights offer of R436 million. This earnings growth translated into an earnings per share increase of 50 per cent due to the additional shares in issue consequent upon the rights offer.

Income from mining investments declined due to lower dividends received and reduced equity accounted earnings. This followed reduced prices received for base and precious metals and increased working costs.

Given current conditions in the metal markets, it is expected that the Group's income from mining investments for the current year will be lower than that of the previous financial year, while overall earnings will increase due to higher interest receipts.

Investments

The development by De Beers Consolidated Mines Limited of the diamond mine on the farm Venetia, in the northern Transvaal, pursuant to the agreement with Saturn Mining, Prospecting & Development Company (Proprietary) Limited ("Saturn"), in which the Company has a 65,6 per cent interest, is progressing according to schedule. The upgrading and extension of the existing plant was completed during the six months under review and limited production commenced. Completion of the new main recovery plant is still expected by mid-1992. Pending recoupment of the capital, Saturn is entitled to a minimum royalty of 12,5 per cent of the mine's profits before appropriations for capital expenditure.

Anglovaal Limited ("Anglovaal") and the shareholders of Weedons Minerals (Proprietary) Limited ("Weedons") have entered into an agreement in terms of which Anglovaal will, subject to exchange control approval, acquire 100 per cent of the issued shares in Weedons – a leading world producer of high grade andalusite. When the agreement becomes unconditional, the Company will accept Anglovaal's offer of a 49 per cent interest in Weedons.

Exploration

The exploration programmes for gold in the Sun and Oribi areas in the northern Orange Free State continue, with the emphasis remaining on the southern part of the Sun area where the current drilling phase is designed to further delineate certain ore body boundaries and reef/grade continuity. At the time of issue of the 1990 Annual Report, it was expected that the evaluation of the results of that phase would be completed by mid-1991. In the light of drilling delays it is now expected that a further nine months or so will be required for completion.

As in the recent past, the activities in the Sun and Oribi areas continue to account for the largest portion of expenditure incurred on exploration and the acquisition of mineral rights.

During the period under review, the Group's total share of costs of exploration, the purchase of mineral rights and ancillary costs amounted to R11,2 million (1989: R19,5 million). It is anticipated that the Group's total share for the current half-year will amount to R15,7 million.

Dividends paid and declared during the half-year

Preference dividend No.3 amounting to R3,66 million was paid on 30 September 1990 in respect of the period 30 June 1990 to 30 September 1990 on the variable rate redeemable cumulative preference shares. A further amount of R1,84 million has been provided for the period 1 October 1990 to 31 December 1990.

The 8 per cent redeemable cumulative preference shares were redeemed at par out of profits on 1 September 1990 on which date a dividend amounting to R18 000 was paid in respect of the period 1 July 1990 to 1 September 1990.

Final ordinary dividend No.76 of 4 cents per share totalling R9,67 million for the year ended 30 June 1990 (1989: 4 cents – R9,67 million) was declared on 4 June 1990 and paid on 3 August 1990.

Interim ordinary dividend No.77 of 2 cents per share totalling R6,43 million (1989: 2 cents – R4,84 million) was declared on 22 November 1990 and paid on 25 January 1991.

For and on behalf of the board
Clive S. Menell, Chairman
B. E. Hersov
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28 February 1991

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Alternate: B. Mansell

Saab-Scania cuts loss to rise 35%

By Robert Taylor in Stockholm

SAAB-SCANIA, the Swedish vehicle and aerospace group which this week accepted a SKr12.8bn ($2.3bn) takeover bid from the Wallenberg empire, lifted profits (after financial items) 35 per cent last year to SKr2.2bn from SKr1.6bn in 1989.

The improvement comes because half the continuing huge losses suffered by its car division in 1989 are a shared burden with General Motors of the US, which formed a joint vehicle company with Saab-Scania in November 1989.

This means the 1990 vehicle loss for Saab-Scania was SKr1.63bn (after financial items) compared with SKr2.13bn the previous year.

The company's sales fell last year by 2 per cent to SKr29bn from SKr29.6bn. The board said it intended to pay the same dividend as in 1989, SKr7.75 a share.

In the Scania truck division, profit (after financial items) fell by 19 per cent to SKr2.9bn from the 1989 figure of SKr3.58bn, while consolidated sales dropped by 3 per cent to SKr22.89bn from SKr23.56bn. The number of vehicles sold declined to 31,600 compared with 35,600 in 1989.

Demand for trucks dropped sharply in the UK and Spain, but this was compensated by the large increase in sales for unified Germany.

However, Scania held its position in Europe with a 12 per cent market share even with a 7 per cent drop in its volume in 1990, consolidating its position as one of the world's biggest truck makers.

The profit derived from the aircraft division more than doubled in 1990 to SKr111m from SKr54m in the previous year, and there was a slight sales increase to SKr4.32bn from SKr4.06bn.

The company said that the profit figure had to cover SKr600m related to the estimated increase in costs of the JAS39 Gripen aircraft project.

It pointed out since 1988 the aircraft division had been burdened with SKr2bn related to the estimated extra costs of that project.

Deliveries of the Saab 340 aircraft have reached 214 with 340 sold since it came on the market in 1984. Its 340B variant has been ordered in Japan and by American Airlines. The Saab 340 now has a 36 per cent share of the world market and 60 per cent of the market in Europe.

There was a modest 3 per cent improvement in Saab-Scania's profit from Combitech in 1990 to SKr204m from SKr199m. Sales dipped slightly to SKr1.82bn from SKr1.94bn.

Saab-Scania emphasised its strengthened financial position in 1990. Its net liquidity went up by SKr3.91bn to SKr6.65bn.

Anti-ulcer drug sales lift Glaxo at interim

By Maggie Urry in London

MR ERNEST MARIO, chief executive of Glaxo, the drug company, stressed the group's spread of drugs yesterday when announcing interim profits.

Zantac, Glaxo's successful ulcer treatment, contributed to half of group sales in the period, which has led to criticisms that Glaxo is a single-product company.

Mr Mario said that while Zantac was still growing strongly, the group now had seven drugs with annual sales of over $100m, three more than two years ago. New drugs recently launched would join this league, he predicted. The stock market responded well and Glaxo's shares rose 58p to a record 974p.

Group sales were £1.51bn ($2.89bn) in the six months to end-December, a rise of 2.9 per cent. Trading profits rose 1.4 per cent to £523m, and pre-tax profits were 6.6 per cent higher at £617m.

Most of the pre-tax increase came from investment income, 49.2 per cent higher at £94m, on the group's net cash of £1.03bn.

Mr Mario said the strength of sterling had a profound negative effect on the group's results and that underlying growth had been strong.

Sales in local currencies were up 14 per cent and trading profits up 10 per cent. A change to using average exchange rates means that comparable figures were restated.

Glaxo's ability to produce new, well-selling drugs was evidence of the productivity of its heavy spending on research and development, Mr Mario said.

For the year the group planned to spend £480m rising to between £560m and £600m in the next financial year. Mr Mario said Glaxo's R&D budget was the largest in the pharmaceutical industry.

After a slightly lower tax rate, earnings per share were 8.6 per cent up at 29.2p and the interim dividend is increased by 21.4 per cent to 8.5p.

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Statoil annual profits rise record 74% to NKr14.4bn

By Karen Fossli in Oslo

STATOIL, the Norwegian state oil company, yesterday announced a record 74 per cent increase in pre-tax profits, before extraordinary items, of NKr14.4bn ($2.42bn) in 1990, up from NKr8.2bn in 1989. The improvement was the result of higher crude oil prices and production, improved cost-effectiveness and lower interest costs.

However, steep taxes, which soared by NKr4.9bn to NKr7.7bn, undermined profits, at the net level, which fell by NKr1.8bn to NKr3.3bn.

Statoil has experienced a sharp turnround since 1987, when it fell to a net loss of NKr1.88bn, its worst performance since it was founded in 1972.

Mr Harald Norvik, group president, warned of lower average crude oil prices in 1991 compared with 1990 due to instability in the middle east which is likely to force large short-term fluctuations in the price of a barrel of oil. He said the 1990 result did not benefit from sales of equity in oil/gas fields and transportation systems as in 1989, but that Statoil moved closer towards its goal of achieving an equity to debt ratio of 35-40 per cent.

The equity ratio rose to 24.1 per cent in 1990 from 22.5 per cent in 1989 and 12.3 per cent in 1988, reflecting an improvement in the company's financial strength. Group operating income increased to NKr72.4bn in 1990 from NKr59.6bn in 1989. Operating profit rose by NKr5.5bn to NKr16bn.

Statoil said the government, its owner, would be paid a dividend of NKr1.5bn for 1990 against NKr800m in 1989. Operating costs were reduced by NKr1.8bn in 1990 from NKr49.1bn in 1989.

For the individual business segments, exploration and production (E&P) boosted operating profits to NKr10.8bn from NKr6.7bn along with profits, before extraordinary items, which rose to NKr10.3bn from NKr6bn.

The Statfjord field, the company's biggest money-maker, out-performed expectations and saw its recoverable oil reserves increase by 315m barrels. However, the troubled Gullfaks field performed below budget and efforts continue to improve output.

Mr Stig Bergseth, president of E&P, said that 1990 production targets for the field had been set too high but he is optimistic about achieving them in 1991.

Elf in FFr1.65bn Norco takeover

By William Dawkins in Paris and Karen Fossli in Oslo

ELF Aquitaine, the French-state controlled oil group, is in the final stages of negotiating a FFr1.65bn ($319m) takeover of Norwegian Oil Consortium (Norco), the independent oil concern.

If the Oslo government clears the deal, Elf's Norwegian oil production will be boosted by 20 per cent as the Frigg field is nearing its end.

The deal would also be Elf's first significant Norwegian takeover.

Elf's Norwegian interests produce 34,600 barrels of oil a day (b/d), of a total group production of 515,600 b/d.

Norco, owned by a financial consortium run by Mr Fred Olsen, the Norwegian shipping magnate, holds significant stakes in three North Sea oil fields; 15.71 per cent of the Valhall field, operated by Amoco; 25 per cent of Hod, another Amoco-operated property; and 3.94 per cent of the Phillips Petroleum-operated Tor field.

Elf Aquitaine Norge has been seeking for several years to boost operations in Norway. Saga Petroleum, Norway's biggest independent oil producer, rejected Elf offers to merge in 1986 and 1988.

The deal is the first Norwegian breakthrough for a French oil company since Total, Elf's smaller state-controlled rival, paid $322m last March for the Norwegian unit of Unocal International Corporation, the US oil group.

Repola slides to FM961m but sales improve

By Enrique Tessieri in Helsinki

REPOLA, Finland's largest quoted group, reported a drop in profits before appropriations and taxes to FM961m ($262m) in 1990 from FM1.32bn the previous year.

Repola became operational at the beginning of January and was formed by the merger of United Paper Mills, a forest group, and Rauma-Repola, a forest and metals engineering company.

Consolidated sales rose to FM23.44bn from FM21.97bn, while operating profit dropped to FM1.58bn from FM1.72bn.

Sales from Repola's forest industry division amounted to FM14.1bn and accounted for 60 per cent of group sales. This was followed by its metals engineering division, which generated FM8bn in sales. All its industrial sectors saw a decline in profitability.

Repola said demand for forest products during 1991 would fall. The outlook for sawn timber and market pulp was especially gloomy.

CORRECTION

Michelin

Michelin, the French tyre producer, will receive payment for the sale of its interest in a South Korean joint venture. This was incorrectly reported in yesterday's Financial Times.

UK insurers push for higher rates

By Richard Lapper in London

UK INSURERS are determined to force through increases in rates for commercial insurance business even if they lose market share in the process, according to industry leaders.

Four UK insurers have reported heavy underwriting losses this week and all insist that low rates are partly to blame. Eagle Star and Royal Insurance (which reported pre-tax losses of £127.9m [$245.2m] and £187m respectively yesterday), General Accident and Commercial Union (which reported underwriting losses on Tuesday) are insistent about the need for increases of between 10 and 25 per cent.

Competition for the custom of large commercial clients has become intense with insurers fighting to retain market share as the European insurance market becomes more liberalised. Rates in France and Germany are even lower than in the UK.

Mr Michael Butt, chairman of Eagle Star, said yesterday that "certain European companies" were anxious to build up market share and were prepared to "dump" capacity in London. Asked about the identity of these companies, he said: "You can come to your own conclusions – but the French nationalised companies might come to mind."

Already some UK companies have lost business rather than offer it at inadequate rates. In December, Royal Insurance lost contracts for the insurance of 24 company motor fleets (about 11 per cent of its book of business in that sector).

On Monday Mr David Rowland, chairman of insurance brokers, Sedgwick said UK companies had lost the business of a large UK multinational to a US competitor which had been prepared to undercut. Mr Chris Pountain, analyst with Morgan Stanley, warned that "the problem is that the industry's clients are likely to be more stretched financially, making them more likely to either self-insure or shop around".

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Adidas back in black with net of more than DM30m

By Andrew Fisher in Frankfurt

ADIDAS, the German sports shoe and clothing company bought last year by Mr Bernard Tapie, the French financier, said yesterday it had returned to profit.

After a loss of DM130m ($86m) in 1989, Mr Rene Jäggi, the chief executive, said a net profit of more than DM30m was achieved last year. Turnover rose to DM4.8bn from DM4.6bn. Excluding licensee business, sales were DM3.4bn, a rise of 4 per cent, despite adverse exchange rate moves costing DM115m.

The company said it expected turnover and profits to rise again in 1991.

Adidas also said its Arena swimwear activities would be sold to three managers, although it gave no price.

The sale is in line with statements by Mr Tapie that some of the group's subsidiaries – the Pony and Le Coq Sportif clothing companies – may be sold to improve its finances.

Strong growth in pre-tax profits for Ahlström

AHLSTROM, a Finnish forest and metals engineering group, reported an increase in its 1990 pre-tax profits to FM507.2m, ($137.8m) from FM337m in 1989, writes Enrique Tessieri.

Operating surplus rose to FM854.4m from FM763.3m, accounting for 9.8 and 10.5 per cent of group sales respectively. Consolidated sales grew by 20 per cent to FM8.73bn.

Ahlström said it was unlikely to be able to sustain the same profit level it had in 1990.

Olivetti launches portable computers

By Haig Simonian in Berlin

OLIVETTI, the Italian computers and office equipment group, yesterday launched the first range of portable computers made in Europe by a European manufacturer.

The move is a bid to enter the fastest-growing sector of the information technology market.

The group hopes that its initial range of three notebook and two laptop models will enable it to capture 10 per cent of the European portable computer market, which is estimated at $3bn this year, according to Mr Vittorio Cassoni, Olivetti's chief executive.

The company expects sales of portable and laptop computers to grow by 44 per cent at a yearly compound rate over the next five years, he said.

Olivetti has taken pains to emphasise the European nature of the products, which will be made in Germany at the Nüremberg plants of its Triumph-Adler subsidiary. At present, European production of portable machines is limited to Toshiba at its Regensburg factory.

Output of the Olivetti models should reach 100,000 a year.

Mr Cassoni said the aim was to provide "more functions at a slightly lower price" than competitors' models.

Speaking of the Olivetti group in general, Mr Carlo De Benedetti, its chairman, said there was no basis to current rumours of talks with the Italian state-owned STET telecommunications group. However, "there would be a lot of areas in terms of markets and products in which co-operation between STET and Olivetti would be beneficial to the Italian system," he said.

Guinness raises FFr1bn in French sector debut

By Simon London

GUINNESS, the UK drinks group, made its debut in the French franc sector of the international bond market yesterday with a FFr1bn deal, lead managed by Société Générale.

The five-year bonds carry a coupon of 9¾ per cent and were priced to offer a yield spread of 75 basis points over French government OATs.

Few corporate borrowers have tapped the sector: Only Unilever, IBM, Volvo and Renault came last year. Unilever bonds of similar maturity are yielding 53 basis points more than government paper.

The syndicate was not broken and the lead manager said the bonds would be freed to trade this morning, suggesting placement yesterday was slow. However, participants said the Guinness name attracted retail buyers in continental Europe.

IMI Bank, which is 50 per cent owned by the Italian government, offered $300m five-year paper in a deal lead managed by Credit Suisse First Boston. The bonds carry a coupon of 8⅜ per cent and were re-offered to investors at a fixed price of 99.54, to give a yield spread of 70 basis points over US government paper.

The pricing was regarded as tight by some participants as the market weakened during the day. However, the paper offers a healthy pick-up of around 26 basis points over comparable World Bank issues.

INTERNATIONAL BONDS

The lead manager held the paper at the fixed re-offer level until very late in the afternoon as prices in the underlying market softened. By the close of trading the paper was trading at 99.30 bid, for a spread of 72 basis points over Treasuries, in line with the secondary market.

The European Investment Bank increased its floating-rate note issue launched on Monday to DM700m. Lead manager Salomon Brothers said that demand from Italian institutional investors prompted the increase.

Mortgage Securities No 2, a special purpose vehicle of First Mortgage Securities, offered a further £50m of mortgage-backed bonds fungible with its outstanding issue.

The bonds have an average life of 5¾ years and offer a margin of 18 basis points over the three-month London inter-bank offered rate. At an issue price of 97.80 the bonds give investors a discounted margin of about 75 basis points.

● Banco Di Napoli has raised $50m of subordinated capital from a private placement of bonds arranged by IBJ International.

Drinks group piles up the Euro-debt

By Simon London

THE FFr1bn five-year bond issue by Guinness was the group's third since its debut in December. Many corporations are finding investors wary of corporate paper.

Mr Ian Scott, head of treasury, commented that Guinness's interests in the drinks and luxury goods industries make the company a defensive stock. Its two other issues, $200m and £150m five-year deals, carry credit ratings of AA2 from Moody's and AA- from Standard & Poor's.

Proceeds will repay short-term bank financing and fund the company's interests in France, which are centred on the Moet Hennessey Louis Vuitton group.

Mr Scott said Guinness is considering setting up a commercial paper programme in the French market. This would meet the short-term working capital requirements of the French operations. It would also provide funds for the group's managed currency portfolio, used to hedge foreign currency exposures.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
IMI Bank Int.(a)†	300	8⅜	101.14	1996	1⅞/1.725	CSFB
FRENCH FRANCS						
Guinness BV(a)†	1bn	9¾	101.60	1996	1⅞/1.575	Societe Generale
STERLING						
Mortgage Securities(b)‡†	50	(b)	97.80	2028	-	Baring Bros.
SWISS FRANCS						
Meiko Shokai(c)★★§	30	5½	100	1995	-	UBS
Kito Corp.(d)★★§	22	5½	100	1995	-	Nomura Bank (Switz)
LIRE						
Bayerische Vereinsbk.(a)†	150bn	12½	101¾	1996	1⅞/1¼	Banco di Roma
YEN						
NEC Corp.(a)†	30bn	7	101	1998	1⅞/1¼	Daiwa Europe
NEC Corp.(a)†	20bn	7.1	101	1995	1⅝/1⅛	Daiwa Europe
D-MARKS						
EIB(e)‡†	700	(e)	100	1998	0.2/0.1	Salomon Bros.AG

★★Private placement. §Convertible. ♦With equity warrants. ‡Floating rate note. †Final terms. a) Non-callable. b) Mortgage-backed deal: Fungible with existing £150mn issue. Callable at 100% from September 1994. Coupon pays 18bp over 3-month Libor, rising to 50bp over 3-month Libor from September 1999. c) Put option on 20/5/93 at 108½% to yield 8.365%. d) Put option on 30/9/93 at 108% to yield 8.423%. e) Amount increased from DM600mn. Callable on each coupon date from 25/3/93 at 100%. Coupon pays 3-month Libor less 25bp.

UK broker drops bonds to focus on equities

By Simon London

GIROZENTRALE Gilbert Elliot, the UK brokerage house which was taken over by Girozentrale Vienna in 1987, has pulled out of the bond markets to concentrate on equity brokerage and research.

The firm is closing its Eurobond market-making activities and is pulling out of a joint venture with Security Pacific Hoare Govett. The joint venture concentrates on sterling debenture bonds and preference shares.

In total, 32 jobs have been lost, of which 14 are directly related to Eurobond operations. However, the activities of the joint venture will be taken over by Hoare Govett from next week and some staff have been able to find new jobs.

Mr Peter Mills, joint managing director, commented that the fixed interest business required a substantial commitment of capital but had not been profitable.

Remaining fixed-interest business, concentrating on sales to retail clients rather than market-making, will be taken over by Girozentrale Vienna.

SE-Banken in DKr350m offering

By Hilary Barnes in Copenhagen

SWEDEN'S Skandinaviska-Enskilda bank is to issue a non-amortisable Danish krone bond for DKr350m on the Copenhagen market on March 7, the bank announced.

It will carry a 9 per cent coupon and it is expected that it will be priced at 93.5 when sales open.

From the year 2000 the interest rate will be set by auction for a five-year period.

The bank will use the proceeds of the issue for general activities, it said in a statement.

Argentine dealers glimpse the future

John Barham looks at moves to create a modern stock market

Trading volume on the Buenos Aires stock exchange rarely exceeds a few million dollars a day. Financial investments do not often extend beyond 90 days. Most business is done in foreign exchange and government bonds. In other sectors markets are bedevilled with insider trading. Long ago Argentines learnt to keep their savings abroad.

Out of this unlikely material Mr Domingo Cavallo, the economy minister, is intent on welding a modern capital market.

Domingo Cavallo: intent on welding a capital market

The banking and business communities agree that a capital market is essential to revive productive investments and growth. Mr Cavallo's predecessors all said the same thing, but achieved little.

However, having been sunk in stagnation for 15 years there is now the basis for grounds for a measure of optimism in Argentina.

The hopes of the government and the stock market industry are riding on privatisation, notably the flotation this summer of 25 per cent cent of the local telephone network. The offering is expected to raise about $500m.

The government sold 60 per cent of the network last year in a cash-and-debt-for-equity swap that valued the company at just under $2bn.

The government has already sold seven state companies since it came to power in 1989. It plans to privatise another 13 companies, among them are OSN, the water company, SEGBA, the Buenos Aires electricity company and YPF, the national oil company. Although future privatisations will probably take the form of concessions or management contracts, bankers hope operating companies will partially finance themselves on the capital market.

Mr Banco Roberts, the government's adviser in the telephone privatisation, thinks privatisation will set off a virtuous circle and the narrow equity market will become more liquid as it expands, drawing in more investors, and creating a source of long-term finance for companies.

Despite the horrifying state of its economy, Argentina has a substantial stock of capital.

Savings range from small savers' bundles of dog-eared dollar bills, to flight capital sitting in offshore banks. Even the $54bn of foreign debt is – according to some theories – a potential source of capital through debt-for-equity swaps. For the moment, though, markets cannot finance even the few companies which have capital investment programmes. Mr Roberto Werner, a director of Banco Roberts, says "the key is stability. With stability companies will be able to go to the market at prices that make sense."

The government has crowded out private borrowers with its voracious hunger for money and further wrecked the market by reneging on some of its debt.

The federal government owes domestic creditors some $15bn. It has tried to revive the private credit market by allowing companies to issue dollar-denominated securities, Obligaciones Negociables (ONs).

However, the investor response has been disappointing: only six companies have so far made use of the facility.

Mr Martin Blaquier, chief financial officer of Molinos Rio de la Plata, owned by the Bunge y Born grain conglomerate, said: "We needed to replenish our capital and considered using the stock market. But the stock market could not absorb an important number of securities." Molinos, which already has two series of ONs in circulation, failed to raise $26m and resorted instead to the Eurobond market.

Financiers emphasise endlessly the need for stability. In November, the government seemed close to restoring confidence, as inflation subsided and the' currency rallied. But an army mutiny in December, followed in January by a run on the currency dealt government credibility a severe blow.

If stability is to be achieved, investors must forego speculation for long-term investments. Companies and banks must become reacquainted with equities. Thirty years ago, the Buenos Aires stock exchange listed 600 companies: today it lists just 194.

The overburdened legal system must be reformed. Competition and financial regulations need to be enforced aggressively. Although the government is serious in attacking red tape, progress is painfully slow.

Heavy transaction, corporate, wealth, capital gains and sales taxes have to be reduced. Argentina also needs to change a tax code that discriminates against foreign financial investments, even though the government is desperately courting overseas investors.

There are tentative signs of change. The World Bank, through its IFC affiliate, is quietly active on the Buenos Aires stock exchange. And European and US emerging market equity funds have also made their presence felt.

The funds are slowing injecting greater professionalism and helping to iron out market fluctuations. A foreign analyst sums up the immediate mood: "The stock market has begun to realise that funds have been buying steadily and methodically, whether the market goes up or down."

HK publisher to raise HK$218m in flotation

By John Elliott in Hong Kong

MING Pao Enterprise Corporation, controlled by the family of Dr Louis Cha and publisher of Hong Kong's Chinese language Ming Pao newspaper, is going public by issuing 75m shares at HK$2.90 each.

The issue represents 25 per cent of the company's enlarged capital and will raise HK$217.5m of which about half will be used for development plans. After-tax profits of not less than HK$98m are being forecast for the year ending March, 1991, an increase of 38.9 per cent.

South China Morning Post (Holdings), which is controlled by Mr Rupert Murdoch's News Corporation and publishes Hong Kong's leading and highly profitable English language newspaper, has held unsuccessful merger talks with Ming Pao. It is keen to enter the expanding Chinese language newspaper market.

A joint flotation was mooted when South China went public in June and there have been abortive talks in recent weeks about South China taking up a placement in Ming Pao's issue.

London SE to investigate manipulation complaints

By Jim McCallum

THE Stock Exchange announced yesterday that it is to investigate complaints that the stock market was manipulated during the expiry of the February FT-SE 100 index options contract.

Between 11.10am and 11.20am yesterday, the period when February FT-SE option contract expired on the London Traded Options Market, the FT-SE 100 index rose by 9 points, a movement which the Stock Exchange said was significant.

Many options dealers said that before the expiry of the February FT-SE options, one broker had been a strong buyer of February FT-SE call options. During the expiry dealers noted that prices of FT-SE stocks were marked higher.

In July last year, the Stock Exchange investigated complaints of market manipulation during the expiry of FT-SE 100 index options and futures. The enquiry ended with the Stock Exchange unable to find any evidence of manipulation.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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	EQUITY GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section	Thursday February 28 1991 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1991 to date	Wed Feb 27 Index No.	Tue Feb 26 Index No.	Mon Feb 25 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (187)	841.79	+2.2	12.78	5.71	9.52	0.85	823.83	812.36	813.36	843.44
2	Building Materials (24)	1141.72	+0.8	12.48	5.34	9.86	0.55	1132.98	1116.50	1124.57	1026.03
3	Contracting, Construction (31)	1358.79	+3.8	13.17	5.75	9.85	3.90	1308.93	1283.69	1274.03	1404.95
4	Electricals (10)	2310.18	+2.7	12.23	5.78	10.01	0.80	2250.46	2225.39	2195.28	2343.37
5	Electronics (26)	1769.07	+0.9	8.92	5.04	14.91	1.55	1752.71	1755.02	1775.23	1860.72
6	Engineering-Aerospace (8)	440.22	+2.0	16.62	5.65	7.25	0.86	431.74	414.10	411.58	417.08
7	Engineering-General (47)	423.67	+1.8	13.95	6.09	8.62	1.15	415.98	411.23	408.34	456.65
8	Metals and Metal Forming (8)	464.32	+3.4	19.65	7.41	6.28	0.00	449.13	446.13	446.32	466.59
9	Motors (13)	338.91	+4.6	14.69	7.07	7.93	0.00	324.08	319.28	325.44	348.65
10	Other Industrial Materials (20)	1486.09	+2.7	11.35	5.47	10.19	0.71	1446.82	1425.04	1422.77	1522.97
21	CONSUMER GROUP (182)	1351.66	+1.2	8.95	3.86	13.87	3.44	1335.49	1330.40	1337.93	1216.89
22	Brewers and Distillers (22)	1701.44	+1.0	9.42	3.67	13.08	7.47	1684.55	1666.41	1674.32	1417.32
25	Food Manufacturing (20)	1136.50	+0.6	10.12	4.28	12.17	1.69	1129.18	1125.82	1131.41	1050.72
26	Food Retailing (16)	2483.72	-0.3	8.52	3.12	15.35	3.15	2491.52	2499.19	2522.20	2266.10
27	Health and Household (21)	2904.73	+3.1	6.28	2.64	18.85	0.91	2816.05	2827.17	2842.72	2382.76
29	Hotels and Leisure (22)	1300.54	+1.3	10.50	5.27	11.30	9.06	1283.97	1270.62	1280.31	1490.77
30	Media (25)	1337.73	+1.2	10.92	5.14	11.56	7.81	1321.58	1326.06	1324.27	0.00
31	Packaging & Paper (11)	603.85	+0.4	8.71	5.70	14.06	0.30	601.39	598.46	600.56	555.33
34	Stores (34)	871.33	+0.1	9.75	4.19	13.35	1.76	870.11	858.82	865.68	773.22
35	Textiles (11)	460.51	+2.1	12.48	7.68	10.28	0.65	450.89	448.11	451.40	493.53
40	OTHER GROUPS (111)	1145.32	+1.2	11.02	5.23	11.02	2.56	1132.13	1121.08	1129.31	1149.21
41	Business Services (12)	1069.33	-0.1	11.69	5.05	10.40	0.26	1070.71	1060.89	1058.75	0.00
42	Chemicals (21)	1216.04	+1.9	10.03	5.87	12.14	0.77	1192.85	1196.11	1218.73	1170.59
43	Conglomerates (11)	1525.14	+1.5	11.19	6.76	10.65	6.83	1503.03	1477.12	1475.04	1553.17
44	Transport (15)	2154.25	+1.6	12.13	4.73	10.16	1.82	2120.74	2072.54	2072.03	2239.02
45	Electricity (12)	1124.92	-0.2	10.96	6.26	11.01	0.00	1126.68	1119.35	1122.60	0.00
46	Telephone Networks(3)	1286.42	+1.1	10.40	3.93	12.51	0.00	1273.03	1257.81	1271.21	1211.71
47	Water(10)	2431.46	-0.6	13.94	5.76	8.01	39.69	2445.48	2408.51	2422.54	2024.49
48	Miscellaneous (27)	1805.48	+1.9	10.49	5.02	11.09	1.37	1771.29	1771.94	1788.45	1826.65
49	INDUSTRIAL GROUP (480)	1166.78	+1.4	10.42	4.69	11.77	2.47	1150.67	1141.66	1147.68	1115.42
51	Oil & Gas (20)	2340.82	+1.4	11.07	5.67	11.83	34.91	2308.88	2255.86	2249.84	2325.00
59	500 SHARE INDEX (500)	1265.57	+1.4	10.51	4.82	11.78	4.88	1248.13	1235.79	1240.99	1215.89
61	FINANCIAL GROUP (98)	795.63	+1.0	–	6.05	–	2.87	787.77	778.41	782.03	800.07
62	Banks (9)	862.34	+1.4	17.79	6.86	7.35	5.83	850.13	827.95	830.28	875.33
65	Insurance (Life) (7)	1465.99	+0.9	–	5.24	–	0.00	1452.89	1446.71	1440.93	1288.60
66	Insurance (Composite) (6)	690.68	+0.8	–	6.26	–	0.00	685.43	680.47	699.68	653.08
67	Insurance (Brokers) (8)	1052.82	-0.4	7.02	6.12	18.65	7.94	1057.14	1045.98	1037.66	1058.24
68	Merchant Banks (7)	406.59	-0.3	–	5.02	–	0.00	407.83	410.06	403.18	489.02
69	Property (41)	1025.38	+1.0	6.48	4.59	21.14	1.26	1014.96	1019.07	1017.43	1097.49
70	Other Financial (20)	274.32	+0.6	9.15	6.57	13.79	2.30	272.63	271.95	273.38	314.27
71	Investment Trusts (69)	1136.39	+1.7	–	3.59	–	4.03	1117.14	1111.65	1118.34	1142.87
99	ALL-SHARE INDEX (667)	1150.01	+1.3	–	4.96	–	4.39	1134.70	1123.31	1128.16	1114.18
		Index No.	Day's Change	Day's High (a)	Day's Low (b)	Feb 27	Feb 26	Feb 25	Feb 22	Feb 21	Year ago
	FT-SE 100 SHARE INDEX♦	2380.9	+32.9	2388.4	2365.9	2348.0	2322.2	2335.5	2314.3	2312.4	2238.4

FIXED INTEREST

	PRICE INDICES	Thu Feb 28	Day's change %	Wed Feb 27	Accrued interest	xd adj. 1991 to date
	British Government					
1	Up to 5 years (28)	121.11	-0.06	121.18	2.02	1.65
2	5-15 years (31)	131.42	-0.35	131.88	1.69	2.69
3	Over 15 years (8)	140.29	-0.52	141.03	2.99	1.08
4	Irredeemables (6)	153.96	-0.54	154.80	2.47	1.14
5	All stocks (73)	130.56	-0.27	130.91	1.94	2.21
	Index-Linked					
6	Up to 5 years (2)	158.48	+0.21	158.15	0.23	1.03
7	Over 5 years (10)	144.49	+0.19	144.22	0.54	0.89
8	All stocks (12)	145.43	+0.19	145.15	0.51	0.90
9	Debs & Loans (54)	109.89	+0.03	109.85	2.27	1.67

	AVERAGE GROSS REDEMPTION YIELDS		Thu Feb 28	Wed Feb 27	Year ago (approx.)
	British Government				
1	Low	5 years	9.31	9.28	11.08
2	Coupons	15 years	9.67	9.60	10.78
3	(0%-7¾%)	25 years	9.83	9.76	10.68
4	Medium	5 years	10.19	10.13	12.40
5	Coupons	15 years	10.05	9.98	11.26
6	(8%-10¾%)	25 years	9.98	9.91	10.84
7	High	5 years	10.35	10.28	12.52
8	Coupons	15 years	10.20	10.13	11.47
9	(11%-)	25 years	10.10	10.04	11.00
10	Irredeemables†		9.98	9.92	10.72
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	3.68	3.79	4.42
12	Inflation rate 5%	Over 5 yrs.	4.16	4.17	3.97
13	Inflation rate 10%	Up to 5 yrs.	2.24	2.33	3.47
14	Inflation rate 10%	Over 5 yrs.	3.97	3.98	3.80
15	Debs &	5 years	11.99	11.99	13.56
16	Loans	15 years	11.67	11.66	13.03
17		25 years	11.42	11.42	13.03

♦Opening index 2367.1; 9 am 2367.9; 10 am 2366.1; 11 am 2379.8; Noon 2379.0; 1 pm 2383.0; 2 pm 2385.7; 2.30 pm 2386.0; 3 pm 2380.5; 4.10 pm 2378.7; (a) 11.14am (b) 9.58am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE includes details of the information used in the construction of these indices. These are available by subscription from FINSTAT, 071-925 2323.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	16	59	11
Corporations, Dominion and Foreign Bonds	2	6	13
Industrials	727	139	687
Financial and Properties	369	53	327
Oils	38	12	42
Plantations	3	1	6
Mines	56	16	92
Others	80	30	38
Totals	1,291	316	1,216

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1990/91 High	1990/91 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
100	F.P.	–	105	102	East German Inv. Tst.	105		–	–	–	–
§100	F.P.	–	95	58	♦Eidos 10p	59		–	–	–	–
–	F.P.	–	18	15	♦Europe Energy 5p	15		–	–	–	–
–	F.P.	–	3925	3475	Eurotunnel Fndr. Wrrnts	3925	+225	–	–	–	–
–	F.P.	–	130	90	JF Pacific (New Wrrnts)	130		–	–	–	–
50	F.P.	–	45	43	Trio Inv. Tst.	44		–	–	–	–
–	F.P.	–	9	6	Do. Warrants	7		–	–	–	–

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1990/91 High	1990/91 Low	Stock	Closing Price £	+ or -
–	–	–	86	68	Brent Walker Capital 13pc Cr Cap Bd	78	-2
100p	F.P.	–	109p	105p	Brit. Land 8½pc Cnv. Cap. Bds. 2011	109p	+1
100p	F.P.	–	105p	93p	Evered 7.25p (Net) Cnv. Red. Prf.	100p	+4
‡	P/P	29/11	38p	30p	‡Greenacre Group Cv. Rd. Prf. 70p	30p	
35	–	–	34½	29½	Greenwood Securities 8pc Cv Ln 2000	32½	-1
100p	F.P.	–	106p	96p	TT Group 10¾pc Cnv. Red. Prf. 1997	106p	+1
100p	F.P.	–	113p	97p	Worcester Cm Rd Cv Pf	113p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1990/91 High	1990/91 Low	Stock	Closing Price p	+ or -
5	Nil	–	3pm	2½pm	Alpine Group 2½p	2½pm	
15	Nil	–	2pm	1¼pm	♦Europe Energy 5p	1¼pm	-¼
12½	Nil	–	1¼pm	1¼pm	Ptarmigan	1¼pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". ¶ Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

● First Dealings Feb. 18
● Last Dealings March 1
● Last Declarations May 30
● For settlement June 10

For rate indications see end of London Share Service

Calls in Barratt Devs., Beckenham, Berisford Intl., Blocks Leis., Control Secs., Danbury, Dares Ests., Eurotunnel units and the Founder warrants, Ferranti, Midland & Scottish Res., ML Hldgs., Next, Perkins Foods, Thurgar Bardex, Trafalgar House and Tuskar Res. Put in Next. Puts and calls in Bio-Isolates, Bridgend, Marley, Monument Oil & Gas, Mountleigh and Trafalgar House.

LONDON TRADED OPTIONS

February 28 Total Contracts 41,151
Calls 30,612 Puts 10,539
FT-SE Index Calls 9,441 Puts 3,553
Euro FT-SE Calls 752 Puts 646
*Underlying security price. † Long dated expiry months

INTERNATIONAL CAPITAL MARKETS

Weakness in markets depresses Iscor result

By Philip Gawith in Johannesburg

ISCOR, the big South African steel group, recorded a sharp drop in earnings in the six months to December on account of weak domestic and international markets.

Substantial increases in the tonnages of steel and iron ore exports and coal sold improved turnover by 17.3 per cent from R3.07bn ($1.2bn) in the equivalent 1989 period to R3.6bn. Cost of sales, however, was 27 per cent higher mainly because of the inflation rate and increased sales volumes. Weaker dollar prices, a stronger rand and weak domestic sales contributed to a 27.3 per cent drop in pre-tax and interest profits, to R437m.

Higher financing costs – a function of substantial capital expenditure, which has now peaked – contributed to a drop in attributable earnings to R301m from R426m.

Total sales volume rose by 8.5 per cent to 2.8m tons. Depressed local economic conditions saw sales decline 12.5 per cent by mass. Well established markets in 60 countries, however, allowed export sales volumes to increase by 54 per cent. Mr Willem van Wyk, managing director, said he expected 47 per cent of the full year's volume to be exported, compared with 37 per cent in the previous year.

New markets for iron ore helped exports increase from 6.5 to 6.9m tons. Coal sold to Escom, the power utility, rose from 4 to 4.4m tons.

Earnings per share were lower at 16.1 cents compared with 23 cents and the interim dividend was cut 16 per cent to 4.5 cents.

Olympic Airways faces loss

By Kerin Hope in Athens

OLYMPIC AIRWAYS, the Greek state carrier, faces losses of almost Dr6.5bn ($41m) for the first two months of this year following a 50 per cent drop in passenger traffic as a result of the Gulf war.

Mr Loukas Grammatikos, the director general, said yesterday the airline's 12,500 staff would be asked to take three months' compulsory leave this year on half pay. He hopes redundancies can be avoided.

According to preliminary results, Olympic's losses for 1990 reached a record Dr26bn, including interest payments.

The Gulf crisis increased the deficit by Dr10.6bn because of reduced traffic and higher fuel prices. The airline cut both domestic and international flights by 30 per cent when war broke out. Routes to New York and Tokyo were kept open, despite US and Japanese travel advice warning tourists to avoid Athens because of the threat of terrorism.

Recession ends run of Brambles Industries rises

By Bruce Jacques in Sydney

BRAMBLES Industries, the Sydney-based international bulk materials handling group, has ended a decade-long run of earnings rises with a slight downturn in the December half.

Recession in its Australian operations cut net earnings 2.3 per cent to A$102.2m (US$81m) from A$122.50m, despite a 13 per cent rise in revenue to A$1.28bn. Earnings per share fell from 27 cents to 25 cents.

The interim dividend has been cut from 27 to 25 cents a share, but Mr Gary Pemberton, managing director, indicated the full-year rate might not be cut by saying directors would consider a bonus payout for the second half.

Mr Pemberton said the Australian recession had reduced the performance of all divisions in that country. But the European earnings improved, reflecting new investment in trains, forklift truck rental and heavy haulage.

Lend Lease plans rights

LEND Lease, the Australian property developer plans a one-for-10 rights issue at A$12 a share to raise about A$210m (US$166m), Reuter reports from Sydney.

Lend Lease also announced a net profit of A$102.1m for the half year to December 31, up from A$88.58m a year earlier.

The new shares will not rank for the interim dividend of 31 cents announced yesterday but will rank for all future dividends.

Gulf ceasefire has little impact on Treasuries

By Karen Zagor in New York and Tracy Corrigan in London

LONGER-dated maturities led the US Treasury market lower yesterday morning in thin trading with the Gulf ceasefire having little impact on business.

At mid-session, the Treasury's bellwether 30-year bond was 13/32 lower at 19 5/32, yielding 8.18 per cent.

The decline was less pronounced at the short end of the yield curve, where the three-year note was quoted 1/32 lower to yield 7.26 per cent.

The Federal Reserve refrained from operating in the open market. Fed funds, the rate at which banks lend to each other, were changing hands at about 6⅝ per cent between 11.30am and 11.45am, the usual intervention period.

There was no policy meaning attached to the Fed's lack of intervention. On Tuesday the Fed pre-announced overnight system repurchase agreements, which were executed yesterday morning.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	09/92	103-30	-01/32	10.69	10.72	11.44
		9.000	03/00	93-21	-12/32	10.09	9.93	10.25
		9.000	10/08	93-05	-13/32	9.82	9.72	9.96
US TREASURY *		7.750	02/01	98-13	-02/32	7.98	7.86	8.03
		7.875	02/21	96-26	-06/32	8.18	8.02	8.20
JAPAN	No 119	4.800	06/99	89.1658	-0.258	6.84	6.68	6.72
	No 129	6.400	03/00	99.5433	-0.399	6.48	6.33	6.51
GERMANY		9.000	01/01	104.3700	+0.120	8.32	8.32	8.89
FRANCE	BTAN	9.000	02/96	99.3046	+0.343	9.17	9.28	9.89
	OAT	9.500	01/01	103.1700	+0.290	8.99	9.01	9.54
CANADA *		9.750	06/01	101.3500	+0.475	9.54	9.51	10.02
NETHERLANDS		8.500	03/01	99.2900	+0.080	8.61	8.53	8.86
AUSTRALIA		13.000	07/00	108.2588	+0.058	11.53	11.42	11.61
BELGIUM		10.000	08/00	104.7000	+0.250	9.21	9.03	9.40

London closing. *denotes New York morning session
Yields: Local market standard
Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

GOVERNMENT BONDS

Yesterday morning's economic news painted a mixed picture for the bond market. Although the personal income and spending figures for January were weaker than expected, with personal income sliding 0.5 per cent and personal spending falling 0.6 per cent, the Chicago purchasing managers' index was surprisingly strong, rising to 44.1 per cent for February from 40.3 per cent in January.

In addition, Mr Marlin Fitzwater, White House spokesman, said the rapid end of the Gulf war should be helpful in keeping the recession short.

In the high-yield junk bond market, Revlon Group's 11⅞ per cent senior subordinated notes due 1995 were bid at 88, up 6 points. The surge in the notes was spurred by rumours that Revlon owner, Mr Ronald Perelman, was discussing the sale of company to Procter & Gamble.

■THE end of hostilities in the Gulf had already been discounted in most bond markets, and failed to inject a positive note into rather lacklustre trading.

There was some uncertainty about the effects of peace on financial markets, with analysts speculating that a rise in consumer confidence could have negative implications for bond markets.

Gilt prices fell slightly, amid speculation that switching out of gilts into UK equities is under way, as some traders are now taking the view that economic recession will be less deep than had been thought.

The short end of the market is still supported by expectations of further cuts in base rates, but dealers say there is no interest in long-dated gilts, partly because of prospects of heavy supply at that area of the yield curve.

The March long gilt futures contract on Liffe ended at 91 19/32, down from 92 22/32 at Wednesday's close.

■PRICES in the German bond market traded in a narrow range, ending just above Wednesday's closing levels.

The Munich-based IFO Economic Research Institute forecast that tax increases in German will cut West German economic growth by ¼ per cent to ½ per cent this year, and by ½ per cent next year.

The March Bund futures contract on Liffe ended at 85.40, up slightly from the previous close of 85.38.

■JAPANESE government bond prices continued to sag, as the latest supply weighed down the market.

The yield on the 129 benchmark issue rose further to end European trading at 6.47 per cent.

The Japanese authorities are continuing to tighten money market rates, and dealers say there is little optimism of any cut in rates soon.

Sumitomo Trust offers commodity fund

SUMITOMO Trust & Banking has started offering a commodity investment fund, Managed Futures Trust Fund 1, to local institutional investors, Reuter reports from Japan.

Sumitomo is the first trust bank in Japan to offer a commodity fund to institutional investors in Japan.

The fund will collect up to Y5bn from local investors in minimum lots of about Y100m. About 70 per cent will be invested in bonds and other financial market instruments, to hedge risk, and the rest in commodity markets, such as energy, precious metals and grain.

Merrill Lynch Futures Investment Partners will manage the fund. Commodity fund investment in Japan now totals around Y100bn, according to government officials.

● Toyota Finance, part of the Toyota Motor group, has paid Y93m for a 40 per cent share in Merrill Lynch International Capital Management.

Toyota is aiming to get international financial information and acquire know-how in financial asset management, a company official said.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Latest prices at 6:05 pm on February 28

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	150	101½	102	+⅛	8.04
ALBERTA PROVINCE 9 3/8 95	600	103¾	104⅛	−⅛	8.35
AUSTRIA 8 1/2 00	400	99⅛	99½	−⅛	8.64
BANK OF TOKYO 8 3/8 96	100	98⅝	99⅛		8.71
BELGIUM 9 1/8 92	400	101⅝	102⅛	−⅛	7.91
BFCE 7 3/4 97	150	97¾	98⅛	+¼	8.24
BNP 8 5/8 94	300	101⅜	101¾		8.12
BP CAPITAL 9 5/8 93	150	102½	103⅛	−⅛	8.12
CANADA 9 96	1000	103¾	104	+⅛	8.06
CARCO 9 1/4 96	650	98⅛	98⅝	+⅛	9.68
CCCE 9 1/4 95	300	103⅝	104⅛	−⅛	8.12
COUNCIL EUROPE 8 96	100	98¾	99⅛	+⅛	8.28
CREDIT FONCIER 9 1/2 99	300	105	105⅛		8.61
DENMARK 0 98	250	53¾	54½	−⅛	8.70
DENMARK 8 1/4 94	150	100⅛	100⅝		8.05
ECSC 8 1/4 96	193	100	100⅜		8.24
EEC 7 1/4 93	250	99½	99⅞	+⅛	7.52
EIB 7 3/4 96	250	98⅛	98⅝		8.15
EIB 9 1/4 97	600	103½	103⅞		8.53
ELEC DE FRANCE 9 98	200	102⅝	103	+⅛	8.49
EUROFIMA 9 1/4 96	100	103	104		8.49
EXPORT DEV CORP 9 1/2 98	150	104⅞	105⅜	−⅛	8.56
FINLAND 7 7/8 97	200	96½	97⅛		8.65
FINNISH EXPORT 9 3/8 95	200	103⅝	104		8.38
FORD MOTOR CREDIT 9 1/2 93	300	101⅛	101⅝		8.97
GEN ELEC CAPITAL 9 3/8 96	300	104⅛	104⅝	−⅛	8.36
GMAC 9 1/8 96	200	99⅛	99⅝	−½	9.31
HALIFAX 9 1/2 93	200	102⅛	102⅝	−⅛	8.29
IBM WORLD TRADE 7 5/8 93	150	98⅞	99⅛	+⅛	8.08
IND BK JAPAN FIN 7 7/8 97	200	95⅞	96⅛	+⅛	8.76
INTER AMER DEV 7 5/8 96	200	96⅞	97⅛		8.33
ITALY 8 1/2 94	1500	101⅛	101⅜		8.03
JAPAN DEV BK 8 94	150	100⅛	100⅜	−⅛	7.89
KANSAI ELEC PWR 10 96	350	105½	106	+¼	8.61
LTCB 8 5/8 93	150	100⅞	101⅛	+⅛	8.13
NEW ZEALAND 8 93	100	99⅞	100½		8.03
NIPPON CRED BK 9 3/4 93	150	103¼	103⅝	+⅛	8.28
NIPPON TEL & TEL 9 3/8 95	200	103⅝	104⅛	+⅛	8.28
NORDIC INV BANK 9 93	200	102⅛	102⅜		7.81
ONTARIO HYDRO 11 5/8 94	200	108½	110	−⅛	8.25
OSTER KONTROLLBANK 8 1/8 93	200	100⅞	101¼		7.64
PETRO-CANADA 7 1/4 96	200	95¼	95¾		8.40
PRUDENTIAL RLTY SECS 0 99	365.216	49¾	50¼	−⅛	9.26
QUEBEC HYDRO 9 3/4 98	150	103⅞	104⅛	−⅛	9.00
QUEBEC PROV 9 98	200	101¼	101¾	−⅛	8.75
SAINSBURY 9 1/8 96	150	102	102½	+¼	8.64
SAS 10 99	200	99⅞	100⅜	+¼	10.12
SBAB 9 1/2 95	500	103⅞	104¼		8.36
STATE BK STH AUST 9 1/4 93	100	101½	103½	−⅛	8.37
SUMITOMO BK CAP MKT 9 3/8 93	150	102½	102⅞	+⅛	8.28
SWEDEN 8 1/8 94	150	100⅛	100⅝	+⅛	8.06
SWEDISH EXPORT 9 5/8 93	100	103⅝	103⅞		7.73
TOKYO METROPOLIS 8 1/4 96	200	99¼	99¾	−⅛	8.40
WORLD BANK 8 3/8 99	1500	99⅞	100⅛		8.57
WORLD BANK 8 3/4 97	1500	102½	102⅞	−⅛	8.38
XEROX CORPN 8 3/8 96	100	96	97½	+1¼	9.30

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ASIAN DEV BANK 8 94	200	98⅛	98⅝	−⅛	8.61
AUSTRIA 6 98	400	85	85¼	−2¼	8.94
CNT 6 1/8 98	200	84¾	85	−⅛	8.95
CREDIT FONCIER 6 3/4 99	500	87½	87¾	−⅛	8.99
DEUTSCHE BK FIN 5 5/8 96	750	89⅝	89⅞	+⅛	8.19
EEC 5 3/8 93	300	94⅝	94⅞	+¼	8.62
EIB 6 1/8 96	300	88	88¼	+1¼	9.04
EIB 6 7/8 95	300	94⅝	94⅞	+2	8.28
EUROFIMA 6 1/4 98	400	84⅛	84⅜		9.17
FELDMUEHLE FINANCE 8 99	200	96	96		8.66
FERRO DEL STAT 5 3/8 93	500	94⅛	94⅛		8 81
IND BK JAPAN FIN 5 5/8 96	200	86	86	−¼	9.14
INTER AMER DEV 7 1/4 99	300	92	92	+1¼	8.62
LUFTHANSA INT FIN 5 7/8 98	500	84⅞	84⅞	−⅜	8.81
QUEBEC HYDRO 6 3/4 99	300	88½	88½	+1¼	8.79
SWEDEN 6 1/8 98	300	88¼	88¼		8.40
WORLD BANK 0 15	2000	17⅛	17⅛		7.31
WORLD BANK 5 3/4 96	300	87¼	87½	−1⅞	9.00
WORLD BANK 7 1/8 95	500	94⅛	94⅞	−⅜	8.81

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ASIAN DEV BANK 6 10	100	93½			6.59
AUSTRIA 4 5/8 98	100	89¼	90		6.60
CHUJITSUYA 7 3/4 95	50	103¼	103½		6.87
COUNCIL EUROPE 4 3/4 98	250	90	90⅛	+1	6.58
EEC 5 1/2 00	100	92	93		6 64
EIB 5 3/4 93	100	97¾	98	+⅛	6.68
ELEC DE FRANCE 7 1/4 06	100	103½	104½		6.86
FINLAND 5 3/8 95	150	95½	96	+⅛	6.51
GENERAL MOTORS 7 1/2 95	100	101½	102	−1	7.06
JAPAN DEV BK 5 1/2 94	100	96½	97½	−½	6.85
NEW ZEALAND 4 7/8 99	200	87¾	88¼	+¼	6.93
QUEBEC HYDRO 5 08	100	80	80⅛		7.05
SKANDINAVISKA ENSK 6 1/2 95	100	100½	101		6.34
WORLD BANK 5 03	150	85½	86⅛	+½	6.75
WORLD BANK 7 1/4 92	100	100	100⅛		7.20

YEN STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
AUSTRIA 4 3/4 94	30000	95⅛	95⅜	+⅛	6.66
CANADA 4 3/8 92	80000	96⅝	96⅞	−⅛	7.11
CREDIT FONCIER 5 1/4 94	20000	95¼	95⅝		6.73
DENMARK 7 95	40000	101½	101¾		6.55
EIB 4 5/8 94	40000	94⅛	94⅝		6.63
GENERAL ELECTRIC 5 3/4 93	35000	97⅜	97⅞		7.13
INTER AMER DEV 7 1/4 00	30000	103⅝	103⅞	−⅛	6.70
ITALY 5 3/4 92	150000	98¾	99	−⅛	7.12
KANSAI ELEC PWR 4 5/8 94	60000	94	94¼		6.78
NIPPON TEL & TEL 5 7/8 96	50000	96¾	97¼	−⅛	6.58
NORWAY 5 1/8 95	50000	95	95¼	−⅛	6.55
SWEDEN 5 5/8 95	20000	96⅛	96⅝		6.62
WORLD BANK 6 3/4 00	50000	100¾	101	−⅛	6.64

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
BAYERISCHE VEREINS INT 7 94 LFr	600	92	93	−¼	9.86
KREDIETCORP 7 93 LFr	1000	93¾	94¾	−⅛	9.90
WORLD BANK 8 96 LFr	1000	94½	95½	+¼	9.38
ALBERTA PROVINCE 10 92 C$	500	99¾	100		10.11
BCE INC 9 5/8 93 C$	300	98½	99	+⅛	10.40
BELL CANADA 10 3/8 99 C$	150	100⅜	101⅛	+⅛	10.46
BRITISH COLUMBIA 9 1/4 93 C$	150	98⅜	98⅞	+⅛	10.18
EIB 10 1/8 98 C$	130	100⅞	101⅜		10.04
FORD CREDIT CANADA 10 94 C$	100	97⅞	98⅜		10.77
GENERAL ELECT CAP 10 1/4 93 C$	175	101	101½	+⅛	9.74
MONTREAL TRUSTCO 8 1/2 92 C$	100	97⅞	98⅜	−⅛	10.91
ONTARIO HYDRO 10 7/8 99 C$	500	102	102⅜	+⅛	10.49
QUEBEC PROV 10 1/2 98 C$	200	100½	101	+⅛	10.38
ROYAL TRUSTCO 10 1/4 93 C$	100	98⅞	99⅛	+⅛	10.92
SWEDEN 9 3/4 93 C$	250	99⅞	100⅛		9.91
BELGIUM 9 1/8 96 Ecu	1250	99½	99⅞		9.25
CNT 7 3/8 93 Ecu	250	93½	95	−⅛	10.62
CREDIT LYONNAIS 9 96 Ecu	125	95	96⅜	−1¼	10.27
DENMARK 7 5/8 96 Ecu	250	89⅞	90⅜	−1	10.27
EEC 7 5/8 94 Ecu	200	96⅛	96⅛	+⅛	9.16
EIB 10 97 Ecu	1125	103⅜	103⅞	+⅛	9.15
ITALY 10 3/4 00 Ecu	1000	108⅝	108⅞	+⅛	9.30
UNITED KINGDOM 9 1/8 01 Ecu	2750	99¾	99⅞	+⅛	9.16
BMW FINANCE 14 1/2 92 A$	100	102	102⅜		12.42
COUNCIL EUROPE 13 93 A$	50	101	102		12.40
EKSPORTFINANS 12 3/8 95 A$	75	102½	103	+⅛	11.56
FORD CRED AUST 13 93 A$	50	100½	101	+⅛	12.69
ICI 15 1/2 92 A$	100	103⅛	104		12.40
MCDONALDS CANADA 15 95 A$	100	107½	108	+⅛	12.59
NAT AUSTRALIA BANK 14 3/4 94 A$	150	106	106½	+⅛	12.21
STATE BK NSW 14 1/4 99 A$	100	107¼	107⅝	+⅛	12.77
VOLKSWAGEN INTL 15 94 A$	100	106⅛	106⅝	+⅛	12.44
ABBEY NATL TREAS 13 3/8 95 £	100	106⅛	106⅞	+⅛	11.30
BARCLAYS JERSEY 9 1/2 93 £	250	96⅛	96⅝	+⅛	11.58
BRITISH GAS 12 3/4 95 £	150	105⅛	105⅛	−⅛	10.99
DEUTSCHE BK FIN 11 94 £	225	100	100⅜	−⅛	10.98
EIB 10 97 £	300	97⅛	97½		10.67
FORD CREDIT FUNDING 9 5/8 93 £	50	94⅝	95⅛		12.62
INTER AMER DEV 11 3/8 95 £	75	102⅛	102½	+⅛	10.69
ITALY 10 1/2 14 £	400	95¼	95½	+½	11.07
LAND SECS 9 1/2 07 £	200	80⅞	81¼	−⅛	12.26
LEEDS PERMANENT 9 1/4 93 £	50	94⅞	95⅛		11.93
NORWAY 10 1/2 94 £	200	99	99⅜	−⅛	10.90
ROLLS-ROYCE 9 5/8 93 £	150	95	95½		12.14
SAINSBURY 10 7/8 93 £	100	98⅝	99⅛		11.70
SKANDINAVISKA ENSK 13 1/8 95 £	100	105	105½	+⅛	11.49
WORLD BANK 11 1/4 95 £	100	101⅞	102¼		10.68
ABBEY NATIONAL 0 96 NZ$	100	50⅜	51⅜		12.88
TELECOM NZ O/S FIN 13 1/8 93 NZ$	75	101½	102½		12.32
AIDC 7 7/8 93 FFr	600	96	96½	+⅛	9.65
CREDIT LYONNAIS 10 95 FFr	2000	101¼	101⅝	+⅛	9.60
EURATOM 7 5/8 98 FFr	500	90⅛	91⅛	+⅛	9.41

FLOATING RATE NOTES	Issued	Bid	Offer	C.cpn
ABBEY NATIONAL 1/16 00 £	150	99.83	99.93	14.1250
ALBERTA PROVINCE 1/32 93	500	99.98	100.08	7.5938
ALLIANCE & LEICS 0.08 94 £	300	99.15	99.25	14.1425
BANCO ROMA 0.03 01	200	90.00	91.50	7.9363
BANCO SANTO SPIRITO 93	200	99.54	99.64	8.4375
BELGIUM 1/16 97 DM	500	99.95	100.08	9.1250
BFCE -0.02 96	350	99.99	100.09	7.7925
BNP 05	300	96.75	97.25	7.4375
BRITANNIA 1/10 96 £	150	98.70	98.90	14.1625
CCCE 06 ECU	200	99.97	100.07	9.4435
CITIZENS FED 0.15 96	100	99.40	99.65	8.2125
COMMERZBK O/S FIN 93	200	99.67	99.77	6.5625
DENMARK -1/8 96	1000	99.07	99.17	6.9938
ELEC DE FRANCE 1/8 99	400	100.05	100.38	8.3750
FERRO DEL STAT 94	200	100.42	100.52	6.8750
HALIFAX 1/10 94 £	200	99.49	99.59	13.6000
HILL SAMUEL 1/4 PERP	75	82.50	84.50	8.5000
MITSUI FIN ASIA 1/6 96	100	98.92	99.02	8.1875
MORGAN (JP) 1/4 97	250	98.00	98.75	7.0625
NAT WEST FIN 3/16 05	400	89.25	90.75	8.3125
NEW ZEALAND 93	500	99.71	99.81	6.9800
QUEBEC PROV 01	300	96.90	97.13	8.1250
RENFE 98	500	99.94	100.04	7.8750
SOCIETE GENERALE 96	300	99.13	99.23	8.0000
STATE BK VICTORIA 0.05 99	125	98.25	98.50	7.8625
UNITED KINGDOM -1/8 96	4000	100.05	100.08	7.9375

CONVERTIBLE BONDS	Issued	Conv. price	Bid	Offer	Prem.
ARGYLL GROUP 4 1/2 02 £	60	2.95	110¾	111⅞	+18.37
ASDA-MFI 4 3/4 02 £	100	1.64	113⅝	114⅞	+39.06
BURTON GROUP 4 3/4 01 £	116	3.15	110⅝	112⅜	
EASTMAN KODAK 6 3/8 01	300	50.67	100⅛	101⅛	+15.96
GOLD KALGOORLIE 7 1/2 00	65	1.0554	54⅞	55⅞	+46.80
GOODYEAR TIRE 6 7/8 03	150	80⅛	64⅞	65⅞	
GRACE (WR) 6 1/4 02	150	42⅛	86⅛	88	+24.95
GRAND MET 6 1/4 02 £	100	6.58	112⅛	113⅛	+1.62
HAWLEY 6 02 PREF	400	1.91	97⅛	99	+46.09
HILLSDOWN 4 1/2 02 £	150	4.16	106	107	+98.63
INTL PAPER 5 3/4 02	200	68⅛	98⅛	99⅛	+18.70
LAND SECS 6 3/4 02 £	84	6.72	89⅞	90⅞	+11.53
MITSUBISHI BK 1 3/4 02	300	2727.1	99	101	-0.24
OGDEN 6 02	85	39.077	76	77	+31.99
PACIFIC DUNLOP 6 3/4 97	75	3.749	112⅝	113⅝	+0.97
TEXAS INSTRUMENTS 2 3/4 02	300	82⅞	82⅛	83⅛	+66.51
THORN EMI 5 3/4 04 £	103	7.45	110⅜	111⅞	+18.89

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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Higher tax reduces earnings per share to 24.7p

Recession limits Barclays rise to 'disappointing' £760m

By David Lascelles, Banking Editor

BARCLAYS' £760m profits were "disappointing", said Sir John Quinton, chairman, because he had been hoping for a stronger bounce back from the previous year's £692m which was hit by Third World debts.

The pre-tax result, which lay in the middle of wide-ranging forecasts by analysts, confirmed that the recession is having its impact on the UK's largest clearing bank. Loan loss provisions totalled £1.23bn (£1.4m), much of it related to bad debts in the UK.

Because of the exceptionally high tax charge of £332m (£215m), earnings per share fell from 28.9p to 24.7p.

The result was accompanied by an increase of 8 per cent in the total dividend. This was below Barclays' promise to reward its shareholders with an increase in real terms. But Sir John had warned that the promise related to payments over an extended period rather than to every year.

"Given the pressure on our customers," he said, "it was appropriate to increase provisions but not to increase the dividend by more than 8 per cent."

UK domestic banking and treasury operations bore the brunt of the recession. Profits were £324m, down from the previous year's £1.1bn. Provisions amounted to £794m, an increase of £648m. Sir John said that most of the provisions related to small- and medium-sized companies. Domestic lending margins remained stable. Deposits increased, but mostly in the more expensive interest-bearing accounts. Commission grew by 15 per cent.

The financial services division put in the strongest performance with a 10 per cent growth in profits to £181m. This stemmed mainly from increased brokerage commissions on general insurance. Life assurance and pensions were more subdued.

Central retail services, which include credit cards, lost £4m after a profit of £42m in 1989. The loss arose mainly because of bad debts and fraud. Although Barclaycard introduced a fee for cardholders during the year, the revenue was more than offset by reduced lending margins.

Barclays de Zoete Wedd, the investment banking arm, saw its 1989 profit of £54m whittled away to only £5m by the slump in the equity markets and slack corporate finance activity.

Costs rose substantially as overseas operations continued to be developed. Sir John said he was confident that BZW could in the long run achieve its target of a 25 per cent pre-tax return on capital.

The Mercantile group of finance companies also suffered a heavy bad debt load which reduced their profits from £51m to £2m. Mr Andrew Buxton, managing director, said that plans to sell off part of the division had been delayed, but negotiations were continuing with one or two interested buyers.

Many of Barclays' overseas operations were also hit by economic downturns. An exception was the EC where profits rose to £39m (£24m) thanks principally to a good result in Spain.

The growth in operating expenses was contained to 6 per cent, with staff costs rising only 3 per cent, though the cost/income ratio rose to 65.7 per cent from 64 per cent because of lower income growth. The bank shed 1,400 jobs from its UK operations last year and expects another 5,000 to go this year. Over the next five years Barclays wants to shrink its UK employment by "15 per cent or more", Sir John said.

The balance sheet grew by 6 per cent to £135bn. The risk/asset ratio fell from 9 to 8.3 per cent, just above the internationally agreed regulatory minimum.

Mr Brian Pearse, finance director, said this was lower than he would wish, but he expected to be raising fresh capital through a preference stock or loan stock issue shortly.

Two banks hold out on BCMB bid

By David Lascelles, Banking Editor

BARCLAYS and National Westminster are believed to be holding out against an offer by Çukurova, the Turkish conglomerate, to buy the British & Commonwealth Merchant Bank, which is in administration.

Çukurova has set a deadline of tonight for acceptance of its £25m offer. However it is conditional on BCMB's 17 bank creditors rolling over two thirds of their interbank deposits with BCMB so as to provide it with liquidity. The majority of the banks, which include Continental as well as UK institutions, have agreed. The remainder have indicated they will accept if Barclays and NatWest, the two largest banks involved, also agree.

But it is believed that the two UK clearers would prefer to work with the administrators to find a solution for BCMB rather than with an acquirer from overseas.

If the deal fails to go through, the administrators would have to consider liquidation unless an alternative buyer emerges.

The fate of the bank is of concern to thousands of small depositors whose money has been frozen since last July. If the Çukurova deal succeeds, they would be repaid in full from a £150m credit facility, but the failure of the bank would entitle them to only 75 per cent of their deposits from the deposit insurance scheme.

Cowie shares up as 30% fall to £11.3m beats expectations

By Jane Fuller

T COWIE, the Sunderland-based vehicle fleet operator and distributor, saw pre-tax profit fall by nearly 30 per cent to £11.3m after a £6.7m increase in interest payments.

However, results ahead of expectations and the promise that each percentage point fall in the interest rate would add £2.4m to profit led to a further recovery in the share price. It closed 6p ahead at 69p.

Operating profit was £56m (£54.1m) on turnover of £536.5m (£549.91m). Interest costs were £44.7m (£38m). The proposed final dividend is cut to 2.5p, making a total of 3.7p (4.2p).

Mr Tom Cowie, chairman and chief executive, said the short-term rental division (self-drive vehicle hire) was being closed, involving an extraordinary cost of £2.3m. Losses were cut from from £3.15m to £690,000; redundancies totalled 160.

As the group had suffered from high interest rates, it was seeking to fix its borrowing terms at a maximum rate of 11 per cent. "We want to sleep at night," he said.

With borrowings at nearly £330m, year-end gearing had remained at 380 per cent.

The finance division, which includes contract hire and vehicle leasing, bore the brunt of the interest costs. Pre-tax profit fell from £9m to £7.5m on sales of £199m (£181.65m). The fleet stands at 53,000.

The motor division's pre-tax profit declined to £4.82m (£5.15m) on turnover of £276.04m (£289.5m). Among the smaller activities, the profit from bus and coach distribution fell by £1m to £1.2m and property nearly halved to £690,000.

After a higher tax rate of 18.9 per cent, fully diluted earnings per share fell to 7.22p (10.87p).

● COMMENT

Mr Cowie's pleasure yesterday can only have been matched by those who bought the shares at 36p six weeks ago. He picked the perfect day to announce what amounted to an exercise in damage limitation. On top of good news from the Gulf and on interest rates, there was unexpected bullishness about the used car market. In the euphoria, it would be easy to forecast pre-tax profit for this year close to 1987's £17m (still below 1988's £25.1m) by gambling on £4.8m of interest savings and eliminating the self-drive losses. However, a touch on the optimism brake would be prudent. New car sales are forecast to fall from 2m to 1.6m this year, used car prices are notoriously volatile, especially when potential customers are losing their jobs and doubts remain about smaller parts of the business. A pre-tax profit forecast of £15m gives a prospective p/e of 7.4. The shares are no longer cheap and there may be a pause in progress, but ground remains to be made up in the medium term.

Cluff Resources advances to £2.5m

CLUFF Resources, the gold mining company, yesterday reported a 25 per cent increase, from £2m to £2.5m, in pre-tax profits for 1990, writes Andrew Bolger.

Gold production from Zimbabwe of 74,675 ounces was 6 per cent up on the previous year. It compensated, to a large extent, for the lower sterling gold price, which averaged £213 last year, as against £231 in 1989.

Mr Algy Cluff, chairman, said: "Notwithstanding the lower price of gold, the group has continued to show a significant improvement in profits. Through increasing production and operating efficiencies, our production costs have come down from $240 per ounce in 1989 to $234 per ounce during 1990. In 1991 we anticipate a further increase in production to 80,000 ounces of gold from Zimbabwe."

Turnover was flat at £16.72m (£16.75m). Earnings per share rose 23 per cent to 2.43p (1.97p) and the dividend is maintained at 1p.

Increases in electricity costs threaten future of UK chlorine and pvc manufacture

ICI prepares to get into shape for the 1990s

By Clive Cookson

IMPERIAL Chemical Industries, the international chemicals group, is likely to change as much over the next decade as it did during the 1980s, when it became increasingly international and moved away from bulk chemical businesses into higher value specialist chemicals.

In its business strategy and management structure for the 1990s, announced yesterday, the strategic objective is "to increase shareholder value by focusing resources even more selectively, so as to exploit fully the profitable growth potential of those businesses where ICI already has or can develop strong global positions encompassing the major markets of Europe, North America and Asia Pacific".

The company intends channelling investment towards "those strong businesses which can play a truly global role," said Sir Denys Henderson, chairman.

"We will of course continue to support growing businesses in new areas like seeds, provided that they have the potential to be both strong and competitive globally. But businesses without that potential will not normally have priority for expansion capital. They will generally be viewed either as cash generators or candidates for divestment."

Under persistent questioning during yesterday's annual results conference, Sir Denys refused to say which businesses would have priority for new investment and which would be put up for sale or regarded as cash cows.

Nor would he give any estimate of the job losses that would inevitably accompany the restructuring. The company reduced its workforce by 4,000 to about 130,000 worldwide during 1990.

Apart from ICI's well-known determination to get out of fertiliser manufacturing, the only specific sector which Sir Denys mentioned as a candidate for cuts was the UK chlorine business. That was in the context of ICI's concern about the threat of large rises in electricity prices for industrial users.

ICI Chlor-Chemicals, an intensive energy consumer, faced electricity price increases of "above 25 per cent", Sir Denys said. Negotiations were in progress with the electricity supply industry but "if reason doesn't prevail and we're forced to go to these higher prices, we'll be forced to look very hard at the manufacture of chlorine in this country – and that could apply to PVC [plastic] as well." PVC manufacturing is the largest single consumer of chlorine.

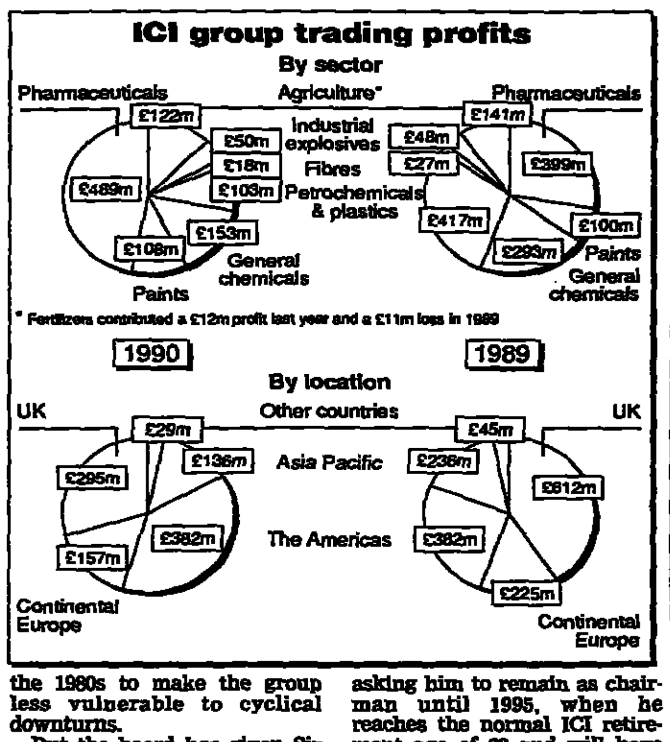
The group will have a new management structure to go with its new strategy – "simplified, more rigorously performance-oriented, and lower cost," Sir Denys said.

ICI will be reshaped into seven international business groupings: pharmaceuticals, agrochemicals and seeds, specialities, paints, industrial chemicals, explosives and materials. Each would be headed by a chief executive.

These international businesses would have a pre-eminent position over the ICI territories (national companies and regional organisations). "The basic role of the ICI territories will be to support the businesses with cost-effective services," the company said.

Some outside analysts have criticised ICI for its poor performance during the present recession, despite all the actions that were taken during the 1980s to make the group less vulnerable to cyclical downturns.

But the board has given Sir Denys a vote of confidence by asking him to remain as chairman until 1995, when he reaches the normal ICI retirement age of 62 and will have been in charge for eight years.



DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Arcadian Intl ......int	nil	-	1	-	4
Barclays ......fin	12☆	May 9	11.43*	21.15	19.57*
Castle Comms ......int	4	May 31	4	-	8.5
Cluff Resources ......fin	1	July 1	1	1	1
Copson (F) ......int	nil	-	1	-	1
Courtaulds Text ......fin	8.3	May 8	-	12.3	11.6
Cowie (T) ......fin	2.5	Apr 8	3	3.7	4.2
de Morgan ......int	1.375	-	1.375	-	1.375
Eng/Ov'seas Prop ......fin	0.5	-	2.5	2.5	4.5
Foreign/Col Inv ......fin	1.9	Apr 10	1.8	2.9	2.6
Glaxo ......int	8.5	May 22	7	-	22
Grafton ......fin	3.5♣	Apr 4	3	6†	5
High-Point ......int	2.55	Apr 17	2.55	-	7.5
Hughes Food § ......int	nil	-	0.25	-	0.25
ICI ......fin	34	Apr 25	34	55	55
Isotron ......int	1.25	May 2	1.05	-	3.12
Lancs/London IT ......fin	1.9	Apr 4	1.9	2.9	2.9
Ldn Forfaiting ......fin	4.625	Apr 12	4.625	7.25	7.25
Whinney Mackay § ......int	0.75	Apr 4	1.6	-	2
Macro 4 ......int	3.825	May 7	3.7	-	8.9
Ramus Holdings § ......int	nil	-	1.5	-	1.5
Ossory Estates ......int	0.4	May 31	0.4	-	0.85
Royal Insurance ......fin	14.75☆	May 10	14.75	26	25.5
Rutland Tst ......fin	0.53†	May 13	0.53	0.8	0.8
Sanderson Murray ......fin	10‡	May 1	5.5	10	5.5
SEET ......int	nil	-	1.6	-	1.6
Sheldon Jones § ......int	1.35	Apr 17	1.35♥	-	5.12
Sinclair G'smith ......int	1	Apr 26	1.5	-	3

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ☆Carries scrip option. ♣Irish currency. ‡For 18 months. ♥For 7 months.

LFC recovery continues with turnround to £9.05m

By Peter Montagnon, World Trade Editor

THE RECOVERY at London Forfaiting Company (LFC), the specialist trade finance house, continued in the second half to produce pre-tax profits for the year of £9.05m compared with loss of £8.8m in 1989.

The stock market welcomed the result, marking the shares up 10p to close at 115p. The total dividend for the year is maintained at 7.25p.

Net profits of £5.7m (£8.4m loss) were insufficient to cover the dividend payout of £7.25m and still represent only a modest return on shareholders' funds of £104m (£105m). The decision to maintain the dividend reflects expectations of a further improvement in profitability in the current year.

Mr Jack Wilson, Chief Executive, said margins and fees on forfaiting business were increasing. Forfaiting involves the provision of trade finance through fixed rate loans which are sold at a discount to investors such as banks.

Though markets in eastern Europe remained difficult there was growing demand for forfaiting services in Germany and Italy.

Business in the Far East was also buoyant. The Gulf war had reduced investor appetite for forfaiting paper in the region, but there were prospects of using forfaiting for financing Kuwaiti reconstruction.

Forfaiting assets now stand at £120m compared with £191m a year earlier and the bank loans are £81m (£364m).

The cut in bank borrowing and the company's sizeable cash position of £95m (£321m) meant it was now a net lender to the banking system. Having slimmed its balance sheet, LFC is looking to boost earnings by trading its book.

Hartstone shares suspended at 186p

Shares of Hartstone Group, the handbags and hosiery concern, were suspended yesterday pending the announcement of a substantial overseas acquisition, writes Jane Fuller.

The group has been built up by acquisition over the two years since Mr Stephen Barker, formerly of Albert Fisher, led a management buy-in at what was then called Glamar.

At present about three quarters of annual sales are in the UK and Mr Barker's long-term aim is to have sales split 50:50 between Europe and the US.

To date the group's biggest acquisition was of Symphony International, a handbag and luggage distributor, bought for £12.5m in July 1989.

That deal was accompanied by a 1-for-1 rights issue, priced at 165p, which raised £17m.

The suspension price of 186p compares with a low of 135p and a high of 208p since July 1989.

Royal Ins to raise premiums and cut jobs after £187m loss

By Richard Lapper

ROYAL INSURANCE, the composite insurer, yesterday reported pre-tax losses of £187m for 1990, against profits of £126m the previous year.

Although in line with expectations, the results will deepen the gloom enveloping the UK's non-life insurance sector.

Life profits amounted to £59m (£61m) and investment income to £82m (£118m), while associated companies put in £48m (£40m), helping to offset overall underwriting losses of £294m (£4m profit).

The unchanged final dividend of 14.75p makes a total of 26p (25.5p) for the year.

Mr Ian Rushton, chief executive, said corrective action was being taken – including premium increases in most lines of business and continuing pruning of overheads.

Four hundred jobs were lost last year and there are plans to cut another 400. But the benefits of these programmes will not flow through until 1992.

Royal's results were dominated by the exceptional level of weather-related losses, especially in the UK where the company is one of the leading house insurers.

UK weather losses climbed by £117m to £159m. Subsidence losses more than doubled to £126m. Royal was also hit by a deterioration on its motor and industrial property accounts.

With the costs of its UK catastrophe reinsurance programme increasing by six times, Royal has already introduced a 10 per cent increase in insurance premiums for domestic household insurance and is examining further increases for those living in subsidence-prone areas.

Restructuring yielded fruit in the US, which returned a better than expected result. Underwriting losses declined from £131m to £122m and a small underlying profit was recorded in the fourth quarter.

The erosion of the value of its investments during 1990, due to the poor performance of property and equity markets, led to a sharp fall in shareholders' funds.

These amounted to £1.68bn at the year-end, leaving Royal with a solvency margin of 32 per cent, the lowest in the sector. However with the recent upturn in equity markets, assets are approaching £2bn, and the solvency margin is about 39 per cent.

Eagle Star dives £128m into red

REPORTING THREE weeks earlier than originally scheduled in order to allay market fears over its involvement in the loss-making mortgage indemnity business, Eagle Star yesterday unveiled pre-tax losses of £127.9m for 1990, writes Richard Lapper.

In 1989 the group, the insurance arm of BAT, made pre-tax profits of £307.8m.

Claims and provisions on the group's mortgage indemnity book amounted to £218.2m and were the key feature of underwriting losses of £475m. Profits of £49.6m from Eagle Star's buoyant life business and investment returns of £285m, cushioned the impact.

But even in comparison with the poor performances being chalked up this week by Royal Insurance, General Accident and Commercial Union, this was disastrous. Eagle Star's non-life premium income of £1.62bn is well below that of either of the three composites reporting this week.

Describing his company's underwriting performance as "unacceptable" Mr Michael Butt, Eagle Star chairman, said the insurance industry "had rarely faced so many adverse factors", and was particularly concerned by the growth in fire claims due to arson.

But claims and provisions against future losses on the insurance of commercial and residential property developments in 1990 were over five times the premium income of £43.2m earned from the account. Eagle Star has provisions of £280m against all future claims (arising from policies in force in previous years) and has paid out a further £60m.

Mr Butt said that Eagle Star's involvement in the insurance of loans for commercial and residential property developments had been ill-judged. Those cover lenders against losses which arise when borrowers default on property loans. "We certainly should not have done it," but "we were not alone in not forecasting the rapidity of the fall of the property market."

The company stopped writing this business early last year but is employing a team to manage claims. Total exposure on commercial and property development loans amounts to £700m.

Following agreement with the Inland Revenue, Eagle Star has begun to discount its claims reserves (in which claims provisions are modified in order to allow for the time value of money). This means that reserves against future liability claims are about £25m less than would otherwise be the case.

Hughes Food deficit confirms problems

HUGHES FOOD Group, the USM-quoted food services company, yesterday confirmed the depth of its financial difficulties when it reported an interim pre-tax loss of £6.82m. There was also a £5.45m extraordinary loss which included operating results of subsidiaries Hughes has sold or plans to sell, writes Clay Harris.

The slide from profits of £2.2m came on turnover ahead by 7.5 per cent to £24.8m (£23.1m) in the six months to September 30. Discontinued businesses accounted for £4.67m of the sales.

The extraordinary loss would have been £4.48m higher without the profit made when Hughes sold an option to buy G Barraclough, a Yorkshire soft drinks manufacturer.

Losses per share of 10.46p compared with earnings of 2.54p. There is no interim dividend, against 0.25p paid last time.

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UK COMPANY NEWS

Inchcape buys Rutland broking side

By Andrew Bolger

INCHCAPE, the international services and marketing group, has bought the insurance broking interests of Rutland Trust, the financial services concern. These comprise a network of companies in the Midlands and south-east of England.

Inchcape is paying £8.5m cash, plus an additional £1.5m to repay an outstanding loan owed to Rutland by the broking companies.

At the same time, Rutland Trust reported a 32 per cent drop to £10.36m (£15.36m) in overall pre-tax profits and a 27 per cent increase to £127.56m (£100.39m) in turnover for the year to December 31. Of this the broking activities contributed a profit of £889,000 on turnover of £6.87m.

Sir George Turnbull, chairman and chief executive of Inchcape, said the acquired companies would form part of Bain Clarkson, his group's wholly-owned insurance broking subsidiary. He said the spread and business mix of Bain Clarkson's and Rutland's insurance broking companies were complementary.

Inchcape said Bain Clarkson was the fourth largest retail insurance broker in the UK, and worldwide was the 12th.

Meanwhile, Rutland said it was rationalising its brokerage business because insurance rates had softened and the small- to medium-sized businesses it catered for had suffered from the adverse economic climate.

The group had aimed to expand its regional base, but was deterred by the high prices sought by potential sellers.

On the profits decline, Mr Michael Langdon, chief executive, blamed the economic downturn, the impact of which was felt particularly in the equipment leasing and the architecture/building surveying businesses.

Earnings per share dropped to 2.32p (3.59p) fully diluted. A maintained final dividend of 0.53p makes an unchanged total for the year of 0.8p.

Mr Langdon said that following the sale of its insurance broking services, the group would continue to develop its core businesses of corporate and property finance and asset finance.

London & Edinburgh Trust, the property developer, holds a 36 per stake in Rutland. Rutland said that following the acquisition of LET by SPP, the Swedish pension group had confirmed that it regarded the shareholding in Rutland as a long-term investment. Talks were being held to identify areas of common interest in the UK and Europe.


Sir George: complementary spread and business mix

Finance charges cut High-Point's rise

By Clare Pearson

HIGH-POINT, the consulting engineer and project manager which does nearly half of its business with UK and other governmental bodies, sustained higher interest charges in the half year to end-November 1990.

As a result pre-tax profits rose by only £15,000 to £881,000 and Mr Ian Reeves, chairman, warned that "we shall be pleased to maintain pre-tax profits at last year's level", which was £2.52m.

Operating profits presented a much brighter picture, rising by 29 per cent to £2.18m (£1.69m) on a 17 per cent increase in turnover to £29.35m (£25.19m).

Interest charges were sharply up at £1.34m (£862,000). Mr Reeves said this resulted from higher interest rates, the final consideration for an acquisition, which fell due in the second half of last year, and increased turnover.

Local council and non-public sector UK customers had also been taking longer to settle bills as a result of government spending squeezes and the impact of economic conditions on business cashflows.

High-Point has used debt rather than equity to finance its acquisitions. Gearing, expressed as gross debt against net assets, after writing off goodwill, stands at more than 200 per cent. However, Mr Reeves said that given the blue-chip character of its customer base, the company could live with this level.

Mr Reeves said the carrying costs of High-Point's investment in London Scientific Services, the old Greater London Council laboratories bought in 1988, had also depressed results. It had yet to make a return on the investment, although it believed LSS had been a strategically-correct acquisition.

The domestically-based businesses, including Rendall Palmer & Tritton, the 150-year old consulting engineer, had performed well amid what, Mr Reeves said, had been the worst recession in the UK construction industry in 40 years.

Internationally, diversion of money by governments to pay for the Gulf war, and problems of banks and property developers in the US and Japan, was likely to depress the overall construction work load.

However, the interim results had demonstrated High-Point's ability to maintain and increase market shares.

The interim dividend is unchanged at 2.55p, payable from earnings per share of 11.19p, up from 10.85p last time.

US investment in Sedgwick cut

By Daniel Green

TRANSAMERICA, the US financial conglomerate, yesterday cut its stake in Sedgwick, the UK insurance broker, from 39 per cent to 25 per cent. Both companies said they considered the remaining holding to be a long-term investment.

The move stems an undercurrent of speculation over the fate of the stake, acquired in April 1985 when Sedgwick merged with Fred S James, a US insurance broker. A four-year standstill agreement on trading the shares ended in February 1990.

Transamerica said the value of its holding was at a four-year high in dollar terms. It would record a gain of about $30m (£15.63m) after tax in the first quarter of 1991 as a result of the sale.

Mr James Harvey, chairman and chief executive, said the company wanted to reduce "corporate exposure to the property and casualty insurance underwriting cycle." The proceeds would be used to cut debt.

The 59m shares were placed with institutions at 222p, by SG Warburg and Morgan Stanley, who paid 218½p for the stock.

The original 39 per cent stake carried with it only 29 per cent of the voting rights. The ordinary shares sold have full voting rights and Transamerica said it would convert enough restricted voting A shares to keep its voting power above 20 per cent.

Regina back in profit

Regina Health & Beauty Products, the USM-quoted royal jelly group, returned to profits in the half year ended December 31 1990 with £54,000 pre-tax. That compared with a loss of £2.96m, which grew to £4.7m by the end of 1988-89.

Turnover came to £1.62m (£2.93m). Earnings worked through at 0.09p (losses 12p).

Utd Distillers joint venture

By Philip Rawstorne

UNITED Distillers, the Guinness spirits company, is to form a joint venture in Australia with Bundaberg Sugar for the production, marketing and distribution of Bundaberg rum, the country's leading spirits brand.

UD's Australian subsidiary will acquire a 50 per cent interest in Bundaberg Distilling held by Carlton and United Breweries.

The deal will also include Carlton's spirits business, John Cawsey, which distributes Bundaberg in Australia. No price has been disclosed.

The move continues United Distillers' policy of developing joint ventures, such as those with Bacardi and LVMH, that enable it to sell its Scotch whisky and gin brands alongside other leading premium drinks in key international markets.

Mr Tony Greener, United Distillers' managing director, said yesterday: "Bundaberg rum will be a very valuable addition to the United Distillers portfolio. Research is now under way to explore new opportunities for the brand internationally."

Provisions hit English & Overseas

English & Overseas Properties had a poor second half but just remained in profit.

However, adding provisions against current properties and reorganisation left it with a loss of £134,000 for 1990, compared with a profit of £2.09m.

From losses per share of 5.51p (earnings 23.4p) the dividend is cut from 4.5p to 2.5p, with a final of 0.5p taking the whole of the decrease.

Mr Jim Clark, chairman, said in the second half the majority of negotiations in hand were aborted, with potential occupiers in the main preferring not to move.

New inquiries were at a premium and the market generally came to a complete standstill.

The proposed vulture fund had to be abandoned as the majority of the committed funds were of Middle East origin and were lost on the invasion of Kuwait in August.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Hidong Estate, Minerals Oil & Resources, Tor Inv Trust, Waterman Partnership.

Finals- Abbey National, Cons. Venture Trust, Cooper (Alan), Intrum Justitia, Latin American Inv Trust, Owners Abroad.

FUTURE DATES

Interims-

Bailey (Ben)	Mar. 7
Close Bros	Mar. 6
Dowding & Mills	Apr. 11
Green (Ernest)	Mar. 14
Minorco	Mar. 21
Scholes	Mar. 19
Zambia Copper Invs	Mar. 21

Finals-

Astec (BSR)	Mar. 18
BBA	Mar. 11
Bowater	Mar. 21
Brake Bros	Mar. 19
Clinton Cards	Mar. 5
EFT	Mar. 11
Fisons	Mar. 5
Glynwed Intl	Mar. 12
HTV	Mar. 15
Ibstock Johnsen	Apr. 4
Lex Service	Mar. 15
Morrison (Wm)	Mar. 21
Second Market Inv	Mar. 11
Trade Indemnity	Mar. 6
Trusthouse Forte	Apr. 18
Utd. Plantations Africa	Mar. 7
Vantage Securities	Mar. 5
Wimpey (George)	Mar. 12

Courtaulds Textiles rises to £40m

By Alice Rawsthorn

COURTAULDS Textiles yesterday saw its shares rise by 12p to 302p when it announced a modest increase from £39.9m to £40.3m in pre-tax profits for 1990.

The company is one of the largest players in an industry which is suffering from the parallel pressures of increasing imports and weak domestic demand.

Mr Martin Taylor, chief executive, said Courtaulds Textiles had done very well to hold profits in this environment." Current trading conditions were still "very difficult", but the company was in "super shape financially."

Earnings per share rose to 29.9p (28.9p) in the year to December 31. The board proposes a final dividend of 8p, making a total of 12.3p (11.6p).

This is the first full set of preliminary results to be published by Courtaulds Textiles since its demerger nearly a year ago from Courtaulds, the speciality chemicals and industrial products group.

Turnover slipped to £983.8m (£988.4m) reflecting a fall in sales due to closures and disposals.

Operating profits rose to £51.7m (£51.6m). A credit to pre-tax profits of £4.4m (£3.0m) came from the pension fund surplus.

The interest bill was reduced to £11.8m (£12.4m). This was partly because of lower year-end borrowings of £55.4m (£74.6m) due to working capital improvements.

Mr Taylor said the company had been run on a "very tight cash basis" during the year.

Capital expenditure was cut from a projected £35m to £23.6m in 1990 and stock levels were reduced to £161.6m (£199.9m).

Operations have been rationalised, particularly in spinning. The workforce was reduced by about 3,200 to 28,200 in 1990 and there have been roughly 750 further job losses so far this year.

● COMMENT

Even allowing for the whiff of post-war glee that pervaded the market yesterday, the City's response to Courtaulds Textiles' results was a little overstated. The company undoubtedly did well to maintain profits in awful trading conditions and did even better to improve its cash position given the financial pressures on textiles. But there is no hope of an improvement in trading conditions until the end of this year at the earliest, and even an improvement then would not filter through to profits until 1992. The company will do well to maintain profits at about £39.5m this year. This leave the shares at 302p on a prospective p/e of 10.5 looking a little over optimistic about the prospect of an early recovery.

Martin Taylor: trading conditions still difficult

Foreign & Colonial weathers tough year

By Philip Coggan, Personal Finance Editor

FOREIGN & COLONIAL, the flagship of the investment trust industry, yesterday increased its final dividend by 5.6 per cent in spite of a difficult year for its investment policy.

The trust's net asset value per share fell 24 per cent over 1990 to 151.7p (199.4p), compared with a 14 per cent fall in the FT-Actuaries All-Share.

However, a strong revenue account allowed the trust to push the final dividend up to 1.9p, making a total of 2.9p (2.6p). Mr John Sclater, chairman, warned that future dividend increases might not be as strong as in recent years.

Investment performance was affected by the trust's large overseas portfolio, since the year saw both the UK stock market and sterling do relatively well. The trust was also held back by its gearing, following a £110m debenture issue in November 1989. Gearing helps a trust outperform in a bull market, but accentuates underperformance when shares are falling.

However, Mr Michael Hart, joint manager, said that the gearing had allowed the trust to buy shares when stock markets were weak. And judicious switching of short-term loans between currency denominations had saved the group £5m.

The trust had also benefited from a narrowing in the discount to net assets from 16 per cent to 11 per cent over the year. This may have been helped by the continuing success in attracting private investors, with the number of shareholders rising over the year by 49 per cent.

Since the start of 1991, Foreign & Colonial has benefited from the rise in world stock markets and has outperformed the average investment trust.

At the end of January 49 per cent of its portfolio was in the UK, 24 per cent in the US, Japan accounted for 10 per cent, the Far East 3 per cent and Europe 11 per cent.

Mr Hart thought that the UK stock market rally was overdone in the short term, but he expected the market to be 20 per cent higher at the end of 1991 than at the beginning of January.

Berisford 'now on the way to recovery'

By Maggie Urry

SHAREHOLDERS IN Berisford International, the property and commodities group, were told yesterday that the company was very close to insolvency past year but was now on the way to recovery. The shares closed unchanged at 29p.

Mr John Sclater, chairman, said at the annual meeting that the group was still suffering a cash outflow from operations, but that this was both manageable and reducing.

Its food related activities were running at a small pre-tax profit, and trading losses in the property division were "sharply reduced". He said that the group's disposal programme would mean Berisford would be cash positive overall. Net debt had been brought down to £160m.

Mr Sclater said the board had decided Berisford should continue trading rather than go for voluntary liquidation or trying to sell the group.

The group announced two disposals yesterday raising a total of £11m which will be used to repay debt. It sold substantially all of JF Braum, a New York-based cashew nut importer, to ConAgra for £5.8m and the whole of Gelatine Products to Deutsche Gelatine-Fabriken Stoess for £5.2m.

Isotron up 5% but angry at delay over licence

By Clay Harris

ISOTRON said yesterday that its application to the Department of Health and Ministry of Agriculture for a licence to irradiate herbs and spices was proceeding more slowly than had been expected.

Mr John Barker, managing director of the irradiation service company, said: "Two ministries make slightly more than double the trouble."

Delays had arisen, he said, because officials had been unwilling to discuss technical specifications before the process became legal on January 1.

But Isotron hoped to receive a licence within a few weeks and had herbs and spices on the premises ready to be treated. No licences have yet been issued by the Government.

The company also said that destocking by health authorities had helped to limit pre-tax profits to £1.42m in the six months to December 31, a rise of 5 per cent on the previous £1.35m.

Turnover rose by 24 per cent to £3.2m (£2.59m). Operating profit grew by 9 per cent to £1.3m, but interest receivable fell to £118,000 (£156,000). Earnings per share increased to 7.5p (7.1p) and the interim dividend is raised to 1.25p (1.05p).

Isotron said the electron beam business it bought last summer had accounted for a sizeable part of the increase in sales and profits. Its original operation used gamma rays.

Labelling loophole already found

If Luigi the waiter has irradiated peppercorns in his mill, a restaurant will be required by law to let customers know. The same rule applies to herbs and spices sold on their own or to products like salami which contain irradiated ingredients, writes Clay Harris.

However, if the salami is one of the toppings on a pizza, a restaurant or supermarket will be under no legal obligation to inform customers that it contains irradiated peppercorns, the Department of Agriculture confirmed yesterday.

This loophole in labelling regulations relating to "compound ingredients" has come to light even before any irradiation licences have been granted in the UK.

Herbs and spices will be the first products to be so treated because an alternative sterilisation method, treatment with ethylene oxide, has been prohibited since January 1.

Swiss offer values Merlin at £2.92m

By Sue Stewart in Douglas

A LOW offer was made yesterday for Merlin International Properties, the beleaguered Manx company which slumped from profits of £1.01m to pre-tax losses of £25.9m in the year to end-June 1990.

The recommended bid was announced at Merlin's annual meeting in the Isle of Man. It offers 5p per share for both preference and ordinary shares and values the company at £2.92m. No offer is to be made for partly-paid shares.

Mr James Howatson, of Smith New Court, which has been trying to solve Merlin's cash flow problem, said the alternative to accepting the offer was for the company to go into receivership.

Mr Howatson said the offer was from Luirc, a British Virgin Islands company wholly-owned by Swiss-registered Estonia Venture. Money to finance the purchase will be loaned by Sonnaire Finance, a Swiss company controlled by Mr Peter Borgas.

Mr Peter Jevans, chief executive and acting chairman said: "In an almost unprecedented scenario of property downturn, economic recession and high interest rates it isn't possible for a development company to keep on developing."

Greenwich Comms halves deficit

Greenwich Communications, which provides radio and television services, halved its loss from £294,000 to £143,000 in the year ended August 31 1990.

The 1989 results included Greenwich Cablescene which was sold on August 10 of that year. Greenwich Satellite was de-consolidated for both periods as it is being disposed of.

Turnover came to £111,000 (£248,000). Net interest was reduced to £88,000 (£101,000). Losses per share were halved to 2.1p.

NEWS DIGEST

Ramus slides into red with £278,000 loss

RAMUS HOLDINGS, the USM-quoted distributor of ceramic tiles and kitchens, suffered a pre-tax loss of £278,000 during the six months to end-December 1990 and it will not be paying an interim dividend.

However, Mr Lionel Ramus, chairman, said the benefit of measures taken to cut costs and stimulate sales would show through in the second half.

The pre-tax loss compared with a profit of £34,000 in the comparable 1989 period although Ramus fell into a loss of £617,000 for the second half of that year.

The loss per share emerged at 4.3p against earnings of 0.6p. Last time, Ramus paid a half-year dividend of 1.5p.

SEET losses deepen

Losses at SEET, the Edinburgh-based textile and retailing group, deepened as the recession continued to dampen demand for its products.

The deficit for the six months to October 31 amounted to £637,000, which compared with losses of £133,000 and £336,000 for the group's last full year.

Turnover fell 16 per cent to £3.16m (£3.78m). Losses per share emerged at 16.3p against 5.1p last time and there is no interim dividend (1.6p).

Ossory Estates

Ossory Estates, the property investor and developer, made no sales of trading properties in the six months to December 31. This was reflected in severely depleted turnover of £4.26m, including £4.24m from rental income and management fees. Sales in the corresponding period came to £27.26m.

First-half profits fell 39 per cent from £6.58m to £4.05m. The figure included just under £4m of profit on the sale of investment properties.

The interim dividend is maintained at 0.4p on earnings per share of 0.71p (1.15p).

Castle Comms flat

Castle Communications sustained a 38 per cent fall in profits in the six months to December 31, in spite of raising sales by 34 per cent.

Profits of £759,000 compared with £1.23m previously, on sales up from £14.49m to £19.42m.

The interim dividend is maintained at 4p on earnings per share of 7.1p (14.7p).

De Morgan in loss

De Morgan Group, architect, surveyor and consulting engineer, had losses of £388,000 in the first half, against profits of £336,000 last time.

Losses per share came through at 2.04p (2p earnings). The interim dividend has been maintained at 1.375p.

Grafton surges 53%

Grafton Group, the Irish builders' merchants, superstore chain, and maker of plastic and concrete products, saw pre-tax profits surge 53 per cent, from I£3.81m to I£5.18m (£4.73m) in 1990.

Turnover rose 25 per cent to I£86.25m (I£69.16m). Earnings reached 22.9p (19.2p) and the dividend for the year is lifted 1p to 6p, with a final of 3.5p.

Whinney Mackay up

The six months to October 31 1989 saw Whinney Mackay-Lewis increase pre-tax profits by 11 per cent, from £150,000 to £167,000.

The interim dividend is 0.75p on increased capital, against 1.6p. Earnings per share were again 1.3p.

Macro 4 improves

Macro 4, an independent software company, reported a small increase in pre-tax profits for the six months to December 31.

On turnover ahead by 17 per cent to £8.1m (£6.95m) the taxable result emerged at £3.37m, against £3.28m. Earnings per share improved to 9.5p (9.2p) and the interim dividend is lifted from 3.7p to 3.825p.

Copson provisions

Further extraordinary provisions of £2m for the ending of its interests in builders' merchanting left F Copson with attributable losses of £1.76m for the six months to October 31, against profits of £197,000 in the corresponding period.

The hotel and nursing home businesses were profitable, making £242,000 pre-tax, which includes a loss of £999,000 from the builders' merchanting businesses, covered by previous provisions. Last time the company as a whole made £227,000.

Turnover fell from £18.65m to £10.97m. Earnings per share were 2.08p (3.35p). The interim dividend is passed.

Scottish Inv Trust

The Scottish Investment Trust reported a 2.1 per cent rise in net asset value in the three months to January 31. From 163.5p at October 31, it was up at 166.9p after deducting prior charges at par at the end of the period.

Pre-tax revenue fell 19 per cent to £3.7m (£4.58m), though the company ascribed this to timing differences in income receipts and said that the decline should not be regarded as representative.

Sinclair Goldsmith

Losses of £298,000 compared with pre-tax profits of £956,000 were announced by Sinclair Goldsmith Holdings, the architect, surveyor and estate agent, for the six months to November 30 1990.

Turnover fell by 41 per cent to £1.92m (£3.26m) and losses at the operating level were £400,000 (£812,000 profits). Losses per share worked through at 2.02p (5.54p earnings) and the interim dividend is cut to 1p (1.5p).

Arcadian £1.7m loss

A £1.48m provision made for certain properties in stock left Arcadian International with a loss of £1.75m for the six months ended October 31 1990.

The comparison was a profit of £98,000, but that turned into a deficit of £1.66m for full year.

There is no interim dividend, against 1p and a total of 4p last time. Half year losses per share worked through at 46.1p (earnings 2.7p).

IMC reduces losses

International Media Communications, the USM-quoted provider of video services and related equipment, announced a reduced loss before tax of £597,000 from turnover of £499,000 in the six months to October 31.

This compares with a loss of £691,000 from turnover of £720,000 last time. However the pre-tax figure was adversely affected by an exceptional charge of £229,000 (nil) arising from costs related to discontinued operations.

Again there is no dividend.

Sanderson Murray

Sanderson Murray & Elder (Holdings), which has diversified away from its traditional textiles base into motor dealerships, reported pre-tax profits of £836,000 for the 18-month period to end-December.

The result was struck on turnover of £22.62m and after tax and minorities earnings per share came out at 34.8p. Directors are recommending a dividend of 10p for the period.

In the previous 12-month period to end-June 1989 the company reported pre-tax profits of £118,000 from turnover of £5.74m.

Sheldon Jones

Sheldon Jones, USM-quoted timber supplies, chemicals and pet foods group reported taxable profits of £44,000 for the six months to December 29 against £147,000 for the seven months to December 31 1989.

The company said that because of the different periods for which acquisitions had been held and the seasonal nature of the garden supplies businesses the figures were not comparable.

Turnover was £6.57m with earnings per share of 0.6p. The interim dividend has been maintained at 1.35p.

MONTHLY AVERAGES OF STOCK INDICES

	February	January	December	November
Financial Times				
Government Securities	85.27	83.50	82.79	80.98
Fixed Interest	93.69	91.18	90.75	88.78
Ordinary	1803.8	1646.2	1696.1	1630.4
Gold Mines	133.7	159.2	147.2	161.2
SEAQ Bargains(4.45pm)	31,875	28,301	26,464	21,599
F.T.-Actuaries				
Industrial Group	1109.21	1017.73	1040.55	1002.42
500 Share	1204.72	1115.00	1145.07	1108.51
Financial Group	762.39	693.49	722.33	696.03
All-Share	1095.30	1010.79	1040.82	1006.96
FT-SE 100	2278.4	2106.6	2164.1	2089.7
FT-SE Eurotrack 100	1016.21	933.33	972.64	962.37

	Highest February close	Lowest February close
Ordinary	1910.7 (28th)	1694.0 (1st)
All-Share	1150.01 (28th)	1035.41 (1st)
FT-SE 100	2380.9 (28th)	2165.7 (1st)
FT-SE Eurotrack 100	1071.93 (25th)	956.49 (1st)

MANAGEMENT

Otis Elevator has bought its way into the east European market. **Andrew Baxter** examines how the US company aims to take advantage of the upheaval in the region

Setting sights on new heights

It takes just a three-stop ride on the Berlin subway to cross from the Otis Elevator factory in the old western sector of the city to one of its two new half-sisters in the east, but for Pierre Fougeron it is a journey back in time.

"We used to believe in the West that East Germany was among the most developed of the socialist countries, but this is not true," says Fougeron, who heads European operations for the world's biggest lift-maker. "In our case they were 30, 40, even 50 years behind. They were using twice as much material as they needed to make their lifts, and the culture and working methods were very poor."

The butt of Fougeron's comments is Berliner Aufzugs- und Fahrtreppenbau (BAF) – an east Berlin liftmaker in which Otis Germany bought a majority interest last September. One of BAF's two plants is a rambling, 95-year-old building in a drab district near the old Berlin Wall, where employees used to assemble wooden lift cars. The manager would ride to his office in a lift with buttons numbered for 10 floors – although the building has only four – because using standard button panels helped BAF cut costs.

Otis plans to change all this over the next two or three years, introducing western production machinery and manufacturing methods, reviving dormant technical skills, and instilling new attitudes towards customers as BAF is nudged away from the strait-jacket of a command economy. In the communist era BAF was even obliged to devote 5 per cent of its production to consumer products such as garden hose reels and trailers, much to the chagrin of its executives.

The BAF project is an important element in a long-term plan for Otis to hoist eastern Europe and the Soviet Union into the last decade of the 20th century. "A third of the world is up for grabs. And if you're a global company you might as well start grabbing," says George David, Otis chairman and chief executive.

The initiative is also a rare example of US manufacturing industry taking the plunge beyond the old Iron Curtain, where German industrial groups have been blazing a trail in the past two years of political and economic upheaval. The most eye-catching US deal was the $150m acquisition by General Electric of a majority stake in Tungsram, but the transformation of the Hungarian lighting company since the takeover in 1989 is making slow progress.

In the heavy equipment sector, most US groups have been content to rely on export sales, although Westinghouse did announce in December a co-operation agreement with Skoda, the Czechoslovak engineering group, in power systems. Otis, part of Connecticut-based United Technologies (UTC), has gone further, and over the past few months has announced a string of acquisitions and manufacturing joint ventures in eastern Germany, Hungary and the Soviet Union (see panel).

Last month, Otis announced its second Soviet manufacturing joint venture, and there may be more in the pipeline. David also predicts a smaller transaction in Poland this year, and says "we will do something in Czechoslovakia pretty soon".

"We are going to be decisively ahead of our competitors in eastern Europe and in fact ahead of most Western investors," claims David, who has been closely involved in the Otis foray from its inception early in 1989.

But the US company's two big rivals, Schindler of Switzerland and Kone of Finland, are not far behind, and as one seasoned US observer of the industry's competitive battles says: "If one goes in, the others have to keep up whether it makes sense or not."

All three companies are attracted to eastern Europe by the size of the market, and demographic trends that underpin its potential for further growth. David gives a "ballpark number" of $3bn for the market in the former Socialist countries, against $15bn-$16bn for the rest of the world.

The Soviet Union, the world's largest national market for new lifts, accounts for the lion's share of the total, due mainly to housing trends. The ugly apartment blocks that are home for most Soviet citizens all need lifts, and much of the installed base is fit only to be ripped out and replaced, says one analyst. Much of the housing stock, in any case, is substandard, and rebuilding will add to the demand for new lifts.

This humdrum context is a powerful attraction for Otis. The average electro-mechanical lift does not have the electronic sophistication that would fall foul of Cocom rules on technology transfer, and, says Fougeron, the US company will continue to import its larger, more complex models for hotels and skyscrapers into eastern Europe. This market has historically been dominated by Kone of Finland, but has opened up considerably over the past two years with the weakening of trade ties between Finland and its large neighbour.

Consequently, Otis is much further ahead of other UTC businesses in establishing a foothold in Eastern Europe. Lifts, after all, are intrinsically less politically sensitive than Pratt & Whitney's aero-engines, for example.

For David and Otis, eastern Europe holds another strong attraction, which is rooted in the company's decentralised culture and diverse character. With 43,000 non-US employees out of 50,000, he says, "It's natural and normal that we're in every market in the world. When eastern Europe opened up in the latter part of 1989, our company just made a right-hand turn and headed east."

The reality was a little trickier, and David acknowledges Otis has had its share of luck. The company's top six executives spent a week in Moscow and Leningrad in early 1989 assessing whether there might be any opportunities. David admits that this was to prove "amazingly fortuitous" as it enabled Otis to make plans well ahead of the upheaval in the eastern bloc later in the year.

George David, Otis chairman and chief executive: "A third of the world is up for grabs. And if you're a global company you might as well start grabbing"

But, in common with many US companies, Otis had difficulty picking its way through the complexities of east European bureaucracy until it realised that the key to success was making contacts at factory level with managers who had "elevators in their blood".

"You find the factory manager, get him started and organised, and let him worry about the issue of Finance Ministry approvals and all the rest of that stuff," says David. "We nudge, nurture and support, but they make it happen."

In East Germany, says Fougeron, Otis was able to move fairly quickly because the company's exports of high-class lifts for big city hotels had opened doors in the industry. Even so, it had a stroke of luck late in 1989 when a retired East German official walked into Otis Germany's West Berlin office out of curiosity and wrote down all the lift company addresses he knew, from memory.

As Otis moves to build on its foothold in eastern Europe, it faces four clear challenges:

- **Political risk.** David admits he is worried about recent events in the Soviet Union, but says his own local contacts there have given him a very different perspective compared with what appears in the western press. "There are lots of national events – legislation, politics and regional conflict – but meanwhile, people eat, sleep, and ride in elevators. And the people that do all those things will continue."
- **Economic risk.** Despite eastern Europe's long-term housing needs, analysts wonder where the money will come from to finance them. David is keeping his feet firmly on the ground: "Some of the investments we are making in these countries are not going to pay off. I have no doubt we will see economic catastrophe in one or more of these ventures in the next decade."
- **Manufacturing and product development.** Buying manufacturing assets in east Europe is less risky for Otis than for other capital goods producers because so much of its work is done away from the factory, in the customer's premises.

Even so, the company faces an uphill task transforming BAF, which would almost certainly have collapsed had it not been taken over. Nobody – least of all in western Germany – wants to buy lifts made in eastern Germany. So Otis will move the manufacturing and technology base mainly towards making Western-designed lift parts. Executives estimate it will take two years to get things right.

The situation is different in the Soviet Union, says Fougeron, where "you do not wittingly take over old factories, they are such a mess". But in both countries the manufacturing equipment will be purely western-made – "no east European machine tool would do as good a job," says Fougeron.

- **The people challenge.** This looks like being the least of Otis' problems. It is buying workforces with strong electro-mechanical skills, especially in eastern Germany, and observers say David is justified in his confidence that the workforce quality can be lifted fast with decentralisation, incentives and training.

As for adapting to the demands of capitalism, Otis thinks this will be easier in eastern Germany and Hungary than in the Soviet Union. Jean-Pierre van Rooy, an engaging Belgian who is Otis' chief operating officer, says: "East Germans were capitalists until 1945. They have not forgotten everything."

Van Rooy recalls asking the manager of a Soviet lift factory how much profit he made. "He said 20 per cent. Now I am sure he was going to answer me 20 per cent on anything I was asking. He had found out that it was a nice round figure. I am quite sure he did not have a clue what he was talking about because that is not their system there."

So far only the Hungarian joint venture is operating, but the two Soviet ventures, which come on stream next year, are expected to be producing about 5,000 lifts annually by 1996/97. Fougeron believes that, eventually, production could reach 15,000 lifts a year, giving Otis 25-30 per cent of the Soviet market.

That would also enable Otis comfortably to achieve its cherished double-digit market share in the Soviet Union, which it alone of the lift companies has achieved in every other big market.

For David the potential rewards justify the effort involved in taking Otis eastwards. "We are buying market position and establishing relationships, and our time horizons are very long." They may well have to be.

Where the big three pressed the button

The world's big three lift companies have been doing business in eastern Europe for years – Otis made its first sale in the Soviet Union in 1893 when it installed a lift in the Winter Palace – but since 1989 they have become more deeply involved. They have made the following key strategic deals:

OTIS

In eastern Germany, Otis bought BAF, a Berlin-based lift and escalator producer with 1,000 employees and a strong position within the east German market. The deal, struck in September, also helped Otis secure the purchase of another half dozen regional lift workshops, each with their maintenance portfolios serving about 1,000 clients.

In Hungary, Otis increased to 51 per cent its ownership in a joint venture formed in July with GFV, a local state-owned lift company. The new venture has about 500 employees and a factory in Budapest.

In the Soviet Union, Otis agreed in July to form a joint venture with Shcherbinka Lift Plant, part of the Soviet national lift agency. The new company, Shcherbinka Otis Lift, will be 55 per cent owned by Otis, and produce lifts for the domestic market from a new plant being built next to the existing Scherbinka factory, 15 miles from Moscow.

In February, Otis announced a joint manufacturing venture in Leningrad, Len Otis Lift, which will also be 55 per cent owned by the US company. The new company will employ 1,100 people from the two Soviet partners to the deal.

KONE

Kone, the worldwide No.3, has 60-80 per cent of the Soviet market for imports of large, sophisticated lifts, having sold more than 6,000 since the 1940s.

To protect its position as rivals begin to enter the market, Kone established a lifts maintenance joint venture with Intourist, the Soviet tourist organisation, at the end of last year, allowing it for the first time to maintain the lifts it sells in the Soviet Union.

Elsewhere, Kone bought a handful of east German lift maintenance companies in the autumn, and is looking for joint ventures in Czechoslovakia.

SCHINDLER

Schindler, the Swiss company which is second largest in the world after its 1988 takeover of Westinghouse's US lift business, has bought half a dozen small lift maintenance and distribution companies in eastern Germany, which are now branch offices ran from the company's German headquarters in Berlin.

Last March Schindler took a 75 per cent stake in a 460-employee joint venture with Ganz Lift of Budapest, cementing a 19-year-long association with the Hungarian company.

In the Soviet Union, Schindler agreed in December to take 51 per cent of a Soviet joint venture, Schindler-Mosmontash-Lift, which will install and service imported Schindler lifts. Schindler hopes this will help it penetrate the market for sophisticated imported machines hitherto dominated by Kone.

The Swiss company is also discussing a manufacturing joint venture to get a slice of the much larger Soviet market for small lifts, but says there is a long way to go. One reason for its cautious approach is the need for hard currency to pay for imports of western manufacturing equipment.

Additional reporting by Enrique Tessieri in Helsinki.

TECHNOLOGY

Fight hard, stand firm

Stefan Wagstyl looks at the opportunities for western companies in the Japanese telecommunications market

After a slow start, the growth of mobile telephone services in Japan is mushrooming. The number of subscribers doubled last year to around 900,000 and is expected to reach 20m by the year 2000, according to Nippon Telegraph and Telephone, the telecommunications utility.

The increase is likely to be matched by a rapid expansion in the range of services, as new telecommunications operators battle for customers with NTT, the former monopoly carrier. Equipment makers will respond by launching new generations of receivers and transmitters.

According to a study by Egis, a French-owned consulting agency, the market offers opportunities for foreign companies but only if they are ready to fight hard to win them. Under pressure from the US, the Japanese authorities have opened markets for overseas manufacturers – most notably for Motorola, the US electronics company which makes handsets for mobile telephones. Egis says other foreign groups will need to keep in close touch with the Japanese Ministry of Posts and Telecommunications and with NTT if they are to secure business in the face of tough competition from Japanese rivals.

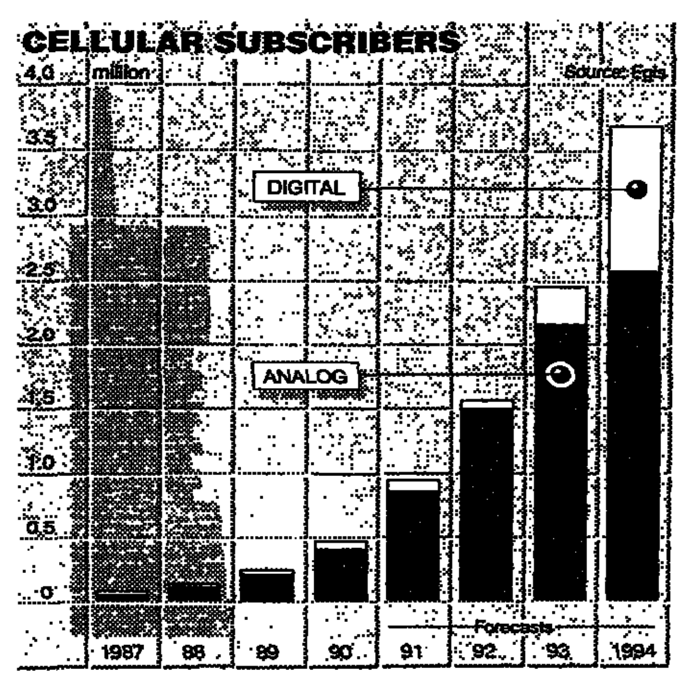
NTT launched the world's first mobile telephone service in 1979, but subscribers were few until after the deregulation of telecommunications in 1987, when the state-owned monopoly was privatised. Under pressure from Daini Denden Inc (DDI) and IDO, two newly created carriers, the costs of mobile telephone services fell and users multiplied. The telecommunications ministry used its regulatory powers to prevent NTT from squeezing the fledglings out of the market.

As a result, the two new carriers prospered, even though they are not permitted to cover the whole country. In mobile telephones, IDO and DDI have around 30 per cent of the market. In some parts of western Japan, where IDO is strong, its share is above 50 per cent. The two carriers account for some 60 per cent of customers using new-generation portable telephones, the fastest-growing segment of the market.

Among foreign companies, only Motorola has been able to break a virtual monopoly of Japanese companies supplying mobile telephone equipment. It succeeded in winning approval for its products only after an intense lobbying campaign.

Aside from rapid growth, the most important likely changes in the market are as follows:

- The introduction of digital systems by NTT next year and its rivals in 1993. Digital networks will run alongside the existing analogue systems. The start of digital services offers new equipment makers, including overseas companies, to enter the market.
- The expected liberalisation of the market for receivers next year. Users will be able to buy their telephones, instead of renting them from carriers. This should spur competition in which the large Japanese electronics combines – with their skills in mass-manufacturing and marketing – should have an advantage, says Egis.
- The probable introduction of new generation systems, including micro-cellular services. In the current system, mobile telephones operate by communicating by radio transmissions with nearby base stations, 1-2 kilometres apart. In a micro-cellular service the stations will be 100-200 metres apart, so the receivers can operate at lower power with smaller batteries. Egis says that Japan lags behind the US and the UK in the development of such services.
- The spinning off from NTT of its mobile telecommunications operations, to promote arm's-length transactions between the parent and its subsidiary. The licensing of another carrier for mobile communications to increase competition is also under consideration.



Egis believes that Motorola has established a strong position and two other foreign companies – Ericsson of Sweden and AT&T of the US – have established a good toehold by winning approval as suppliers of equipment for the new digital networks. But others will face increasing difficulties entering the market. Yves Ostrovsky, a consultant at Egis, says: "Unfortunately there are no EC companies supplying equipment. They decided the costs were too high."

Nevertheless, there are opportunities. As well as supplying receivers, there is the business of providing base stations and networks, plus opportunities to sell components, testing equipment and computers.

Meanwhile, the growing size and sophistication of the home market could give Japanese equipment makers an extra edge in foreign markets, notably the US and the UK, where Japanese companies account for some 50 per cent of the market for receivers. As the industry becomes more attuned to supplying the mass-market so Japanese companies' competitive advantages could also increase.

Robot cuts out middleman

Automation in machine shops is usually associated with flexible manufacturing systems and the automated transfer of workpieces and tools between the machine tools and the stores. But Dassault Aviation, the French aircraft group, has found a different application.

In order to keep the numerically controlled machine tools in its Seclin shop running 24 hours a day, Dassault has to assemble and disassemble 40,000 cutting tools a year. It is a repetitive and fastidious operation, says Philippe Anicotte, machine shop manufacturing manager. Normally the job is performed manually. Now, however, a robot carries out the task.

Dassault's cutting tool assemblies comprise three components: the cutter, which can be re-ground numerous times during its lifetime; the base, which is the element that engages with the machine tool spindle; and an adaptor, which connects the cutter to the base. The several thousand different cutters employed at Seclin require 19 types of adaptor. The variety of machine tools necessitates 12 different designs of base.

The first phase of Dassault's toolroom modernisation program is aimed at automating the assembly and disassembly of these three components. In the tool room, where the cutters are reground, reset and stored between use, a robot cell has been constructed.

It is based on a Cincinnati Milacron T3 robot which takes the tool assemblies as they return from the machine shop. It separates the three components from one another, with the aid of two screwing/unscrewing units, and stacks them in their respective locations. Then, when new tool assemblies are required, the robot selects and assembles the appropriate components.

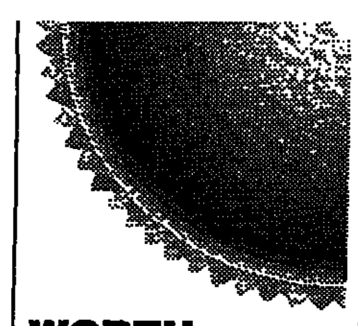
Designed and built by Dassault's own technical centre for industrial robotics, also based at Seclin, the new robot cell operates three shifts a day. Its principal advantage is a reduction in labour, amounting to a saving of two operators over a three-shift period.

However, Anicotte adds, the gains in organisational efficiency that can be achieved by integrating the robot controller with the communications networks is also quite significant. By connecting one computer system with another, the need to recreate data at different workstations is avoided and the number of mistakes, therefore, is reduced.

But this is just the first stage of the programme. Within the next 12 months an automated handling system will be installed to transfer cutters between the robot cell and the main cutter store which contains several thousand units. In this way, Dassault will be able to keep track more effectively of the different cutters and their location.

Despite the high level of automation, the Seclin tool room will always need some supervision, if only because cutters coming back from the shop floor must be checked to verify if their condition allows further regrinding.

Anna Kochan



WORTH WATCHING

by Della Bradshaw

Precision plastic breaks the mould

A WAY of moulding precision plastic parts measuring only microns (millionths of an inch) is the target of a German research collaboration between BASF's polymer research laboratory, STEAG Mikrotechnik (a subsidiary of the STEAG energy group) and Heidelberg University, writes David Fishlock.

Such parts could lead to the production of mechanical and electrical machinery the size of microchips, which could be used in microminiature instruments, sensors and medical implants.

The first big step in the process is to make the tiny component first in perspex (polymethacrylate). This is exposed to a particularly intense form of X-ray known as synchrotron radiation, which penetrates deep into the plastic, making the material easy to dissolve.

This perspex part is electroplated with nickel and the perspex then dissolved, leaving a nickel mould which is filled to make the tiny thermoplastic components.

The challenge is to develop a polymer that needs exposing to synchrotron rays for minutes instead of hours, in order to reduce processing costs. The researchers hope to have identified this polymer by the middle of the year.

House in palm of your hand

HAND-HELD computers are now helping property surveyors to reduce the time – and the cost – of carrying out general house surveys.

Hand Held Systems, of Marlow, has developed a software package based on the standard house buyers' and flat buyers' report and valuation – the report format recommended by the Royal Institution of Chartered Surveyors for homes built this century. The package runs on the Gridpad, from Grid, a toughened hand-held machine used widely for military use.

The software can be used in a similar way to printed forms, with boxes and text appearing on the screen which can be ticked as appropriate. Extra information can be written on the screen – the Gridpad has the ability to read hand-written text.

As well as making the collection of data less difficult, the information can be printed out directly by plugging the machine into a laser printer, avoiding the need to re-type the information.

Getting to grips with rubber

THE American army is likely to be the first beneficiary of a new type of rubber compound which is far tougher and longer-lasting than conventional materials.

Developed at the University of Maryland specifically for use in the treads of army tanks, the material could eventually find its way into the rubber belts of escalators, or even roofing materials. One of the material's properties is that it resists oxidation by ozone – which is produced by petrol engines – thus making it ideal for vehicles.

This is because the rubber compound has a reduced amount of sulphur, which is traditionally used to crosslink the rubber molecules together. Instead, the university crosslinked the molecules by bombarding them with electrons from an electron accelerator. In tests the tread lasted the equivalent of 2,000 miles, about double that of more conventional treads.

Computer goes to market

THE recession may be biting, but UK computer companies will still spend nearly a quarter of their marketing budgets on advertising, even though it ranks only eighth in effectiveness in achieving their overall marketing goals.

These are the conclusions of the Computer Industry Marketing Expenditure Survey 1990/91. It reports that computer companies with a marketing strategy will allocate an average 4.4 per cent of annual turnover on marketing this year, an increase of 12.5 per cent over last year.

Most of this extra money will be spent by companies with a turnover of more than £1m. Those with a turnover of less than £25,000 will be reducing their marketing expenditure, says the survey, conducted by the Concept Company, of Teddington.

Perhaps the most interesting finding is that 40 per cent of companies in the UK computer industry possess no formal marketing strategy.

Russian spellings put to the test

A SOVIET co-operative has developed a software package which locates mistakes in Russian language texts and which runs on IBM and compatible PCs.

The Ortho package, developed by the Informatik co-operative, in Moscow, has a 120,000-word Russian language dictionary against which it can check spellings. Informatik has also developed specialised dictionaries for special interest groups.

In addition, Ortho will locate mistakes in the grammar of the sentence – in particular case agreements. The noun "table", for example, can have 12 different cases, while adjectives and verbs have even more forms.

Taxis drivers take no abuse

EVERY company that has an account with a taxi firm must have suspected that employees, on occasions, have used the service to ensure they can get home from the local disco on a Saturday night.

To help companies keep a closer account of who is using – and abusing – the service, Computer Cab, one of London's biggest taxi firms, has introduced plastic card technology which records who uses the cabs and when.

The cards issued to employees may be coded to authorise use only during working hours. Outside these hours the card swipe machine in the cab would bar its use.

Contacts: BASF: Germany, 621 600. Hand Held Systems: UK, 0628 890575. University of Maryland: US, 301 405 5228. The Concept Company: UK, 081 977 5333. Informatik: USSR, 095 290 3524. Computer Cab: UK, 071 286 2728.

A gold company seeks ndustry cost-cutting aid

hilip Gawith in Johannesburg

CLEM Sunter, chairman of ...old and Uranium division ...glo American, the world's ...st gold producer, yester- ...called on commerce and ...stry to aid the mining ...stry in its drive to contain ...

...eaking against the back- ... of a gold price which ren- ... more than a quarter of the ...try's production unprofita- ...Mr Sunter said: "The days ...ccepting price increases ...l to or in excess of infla- ... are over. We are forging ...er communication links ... our suppliers in order to ...strate to them the gravity ...he situation and to show ...rly that we cannot survive ...he magnitude of past ...eases continues."

...lready some suppliers in ... country are charging differ- ... prices to different mines ... the same goods, depending ...he profitability of the mine. ...h the closure of mines this ...r now a certainty, wages ...l also be in the spotlight ...h the pressure on the ...ional Union of Minework- ... to present modest demands. Commenting on the NUM's moderation last year, Mr Sunter said: "It is sincerely hoped that this attitude continues to prevail during the current year negotiations, if thousands of jobs are not to be lost."

Mr Sunter noted various steps being taken by management to effect economies:

- Employees are being switched from support functions to the direct production process;
- Manpower is being reduced, as far as possible through natural attrition, transfers and retirement;
- Commodities like timber, are being recycled;
- Electricity demand is being monitored more closely;
- Overheads are being reduced in areas where the cost of the activity is believed to exceed the value it adds to the business.

He said employees were increasingly coming forward with practical suggestions of how to streamline the production process.

Mr Sunter said 1990 had been a "disappointing year" for the international gold market and predicted the market would remain unsettled so long as unrest in the Soviet Union and strife in the Middle East continued. He said that during 1991 jewellery demand was likely to provide a floor for the gold price in the event of any major decline in prices.

Mr Sunter said progress was being made towards the "systematic and complete removal of all forms of race discrimination" from the mining industry. This is the subject of continuing talks between the NUM and the Chamber of Mines, an employer body.

The question of inter-racial violence at the mines is the subject of similar discussions and initiatives.

Within the Anglo American group, 1990 was a bad year for safety with 43 lives being lost at Vaal Reefs and Western Deep Levels due to seismic events. Mr Sunter said steps were being taken to address the problem, including the backfilling of operations as a matter of urgency.

US short of cash for export programme

By Nancy Dunne in Washington

LEGISLATION TO replenish funding for US agricultural export subsidies is heading for the floor of the US House of Representatives. But the US is so strapped for cash that exporters may have to wait until the 1992 fiscal year to get their subsidy cheques.

Like the EC, the US is finding it increasingly difficult to support the costs of an aggressive government-backed agricultural export programme. The squeeze would have hit both even before this year had it not been for the higher world grain prices that resulted in the past few years from the US droughts of 1988-89.

Mr Paul Dickerson, general sales manager for the Foreign Agriculture Service, said last week that the US Department of Agriculture had already spent \$364m of the \$425m in funding approved for the Export Enhancement Program for this fiscal year. The average wheat subsidy under the programme has risen to \$42 a tonne, up from \$17 in fiscal 1990.

Without new money for subsidies, wheat sales in the final quarter would be hit hard, he said. The administration requested \$475m in additional funds for the EEP for the current year and \$1.2bn for next year.

One congressman, Mr Dan Glickman of Kansas, wanted to go even further, providing \$5bn over the next five years for the programme.

The US farm lobby has, not surprisingly, been solidly behind calls for an increase. US Wheat Associates warned that any failure by Congress to provide the additional funding "would result in reduced pressure on the European Community to adhere to a reasonable agreement in Gatt [the General Agreement on Tariffs and Trade] and force additional tonnage of wheat into US feed markets, which in turn would further reduce US maize prices."

Livestock and poultry producers are expected to feed 12.3m tonnes of wheat this year, instead of feed grains, a rise from 4.4m tonnes last year.

Much as the House Agriculture Committee would like to respond to the lobby, it is hampered by the 1990 budget act, which strictly limits new spending. Although the committee approved the \$475m increase for the year, \$400m of that will have to be paid for next year.

Where the money will be found to continue the EEP scheme in fiscal 1992 remains to be determined.

Dutch in firing line of EC cuts

Ronald van de Krol continues a series on responses to reform plans

ALTHOUGH THE Netherlands may be small by European standards, its farms are not. This basic fact goes a long way towards explaining why Dutch farmers are so opposed to proposals by Mr Ray MacSharry, the European Community's agriculture commissioner, for swinging the emphasis of Europe's expensive farm support programmes away from large, efficient producers in favour of small farmers.

"Since 1950, about two-thirds of our farms have disappeared and been added to the one-third that remains. Now we may be penalised for having successfully carried out this process of restructuring," a spokesman for the Dutch farmers' organisation, the Landbouwschap, says.

Dutch dairy herds average about 40 cows, twice the EC level

In Europe as a whole, half of all farms have five hectares of land or less. In the Netherlands, only one in four farms are that small. But even more important from the point of view of Dutch farmers is that their production rates are much higher than the European average, thanks to their harnessing of extremely intensive farming techniques.

This is especially true of dairy and livestock farming. Dutch dairy farms have an average herd of about 40 cows, twice the EC average, while pig farms are even more intensive, numbering 400 pigs instead of the 80 that is typical across Europe.

Dutch farmers say they feel threatened by the several variations of the MacSharry proposals unveiled so far, but they are relatively confident that the ultimate reforms will not be as radical as first thought.

"The main outlines of the changes may stay in place, but even so, the actual measures themselves will probably be less heavy than we feared," according to Mr Klaas Dijkstra, a farmer who works 72 hectares of reclaimed land on a polder in the former Zuyder Sea, now called Lake IJssel.

Mr Dijkstra, who helped lead a series of bitter farmer protests against grain price declines in February 1990, says there is little willingness among farmers to stage a repeat of these actions, at least at the moment. Instead, they hope that memories of the blockades and traffic chaos caused by protesting farmers in 1990 will be enough to strengthen Dutch politicians' determination to ward off reforms of the EC's common agricultural policy that run counter to domestic farming interests. The main concern of Dutch farmers is to prevent the introduction of any income support programmes that are based mainly on farm size, not on total farm output.

Estimates of the likely effects of the MacSharry proposals on Dutch agriculture are difficult to make because the proposals themselves are far from definitive. However, preliminary calculations made on the basis of Mr MacSharry's original proposals in January show that a typical 30-hectare Dutch dairy farm with a 60-strong herd could expect to face a 20 per cent decline in income. A 15-hectare farm with only 15 cows – which is very modest by Dutch standards – would register a smaller drop in income of 7.5 per cent.

Dairy farms will be the hardest hit, analysts predict, because their entire operations fall under EC price-support mechanisms. Another vulnerable sector, arable farming, will probably be in a slightly better position because many arable farmers also devote part of their land to cultivating "market-sector" vegetable crops such as cabbage, spinach and carrots, which fall outside the CAP's scope.

Another consequence of the reform proposals could be a widening of the north-south split in the fortunes of the Netherlands' farmers. Because of the importance of dairy and grain farming to the north this region can expect to fall further behind the more prosperous south and the west of the country.

The 1990 farmers' protests, which were unprecedented in their duration and determination, also highlighted this discrepancy: a significant number of those who took part were grain and potato farmers from the northern province of Groningen.

Generally, however, the MacSharry proposals come at a time when Dutch agriculture is enjoying good economic health, thanks mainly to its one of its most important sectors, horticulture. In 1990, horticulture – hothouse vegetables, flowers and fruit – became Dutch agriculture single biggest money-earner, bringing in Fl11.6bn (£3.5bn) and pulling slightly ahead of both intensive livestock farming and cattle and dairy farming, each of which generated Fl10.5bn in sales.

The technology-intensive horticulture sector, which is centred on the Westland "greenhouse belt" between Rotterdam and The Hague, is thriving because of sharply higher exports to former eastern bloc countries and because of its traditional stranglehold over world exports of cut flowers, flower bulbs and potted plants, where the market share of the Dutch is 50 per cent or more.

With prospects of further strong growth in horticulture, arable farmers may be tempted to switch fields, particularly because flowers and vegetables grown in hot houses are not influenced by the EC's CAP.

But the obstacles are enormous. The investment needed to start up a modern rose-growing business, for example, can easily run to Fl4m. For farmers in the north, the driving distance to flower auctions and the lack of specialist local labour make the conversion even more difficult.

Steam coal price cuts agreed

Gerard McCloskey

E LAST of a series of ...tlements marking a fall in ... price of steam coal are ...ng put into place in Tokyo, ...spite extremely strong ...nand growth throughout ...9 and 1990.

...n the biggest set of ...tracts, accounting for 70 ... cent of the Japanese ...ctricity companies' supplies, ... Australian coal producers ...ve agreed a US\$1 a tonne ...ce cut, bringing a 1991-92 ...ce level of \$39.85 fob Austra-...

This cut is likely to be ...cepted by Japan's other sup-...ers, including the Chinese, ... Soviet Union and the US. ...ere was some question ...ether the South African coal ...porters would be prepared to ...ree to a similar cut, but a ...ttlement by Total for South ...rican Ermelo coal put paid to hopes that prices would be maintained at 1990-91 levels, or even increased slightly. This agreement has set a new benchmark of \$33.44 on the same quality basis as the Australian settlement.

What South African producers have come away from Tokyo with is a lifting of the sanctions limiting purchases of its coal. This had been imposed by the Ministry of International Trade and Industry, which put a cap on the total amount to be paid for South African imports. MITI has now quietly let the power companies know that this cap no longer applies but that they should not go wild and embark on a rapid expansion of their South African business.

This will doubtless strengthen South Africa's negotiating position and is expected to result in a closing of the gap between prices for its coal and that for its main competitors. In most markets this is already taking place and, apart from contracts with the Japanese, South African producers almost alone this year won price increases across the board.

Further signs that South African coal is becoming more acceptable are shown in the very strong increase in the tonnages it exported last year when total sales – almost entirely of steam coal – rose by 5.4m tonnes to 49.4m tonnes. Internationally the steam coal trade remains, in tonnage terms if not in price, extremely buoyant. Volumes rose by over 15m tonnes in 1990 to more than 175m tonnes, and further vigorous growth is expected this year and next.

Indian may cut cotton crop estimate further

By Kunal Bose in Calcutta

THE INDIAN cotton crop estimate for the 1990-91 season (September to August) could be reduced further to about 12m bales from the current level of 12.2m bales. That figure was itself the result of a sharp reduction from the record level of 15m bales (170 kg each) that was forecast at the beginning of the current season. The 1989-90 crop totalled 13.35m bales.

This makes it unlikely that New Delhi will sanction any further increase in the cotton export quota, which stands at 1.24m bales, in spite of the sustained campaign of the agriculture ministry for bigger releases.

The ministry, headed by Mr D. Fevil Lal, who champions the cause of farmers, wants a higher cotton export quota to ensure better returns to the growers. But this stance does not appear convincing against a background of growing bullishness of the local cotton market.

The two factors responsible for the recent price spurt are the possibility of an imminent downward revision of the crop estimate and shortages in market arrivals of new season quality cotton because of pest attacks and unseasonal rains. The quality of cotton grown in North India has suffered the most.

The current season has also witnessed improved inquiries from the industry following an overall increase in spindle utilisation and production of cloth and yarn.

The major cotton growing states that have suffered a sharp setback in production are: Punjab and Haryana in the north'; Gujarat in the west; Madhya Pradesh in the centre; and Karnataka and Tamil Nadu in the south. The exceptions are Maharashtra, which is set to harvest 2.3m bales against 2.02m last year, and Rajasthan, where the crop, at 1.13m bales, will be higher by about 60,000 bales.

The circumstances may not permit the government to raise the export quota, but what has come as a big relief to Indian exporters is the liberalisation of cotton export rules. Firstly, the government has done away with the stipulation that registration of export contracts must be made within 30 days of quota allocation. Secondly, the shipment period for the contracted period has been extended.

The government undertakings, co-operative bodies and private shippers that participate in cotton exports are unanimous that liberalisation in export rules will allow them to secure better prices in the world market.

As India has opened the current cotton season with stocks of nearly 3.1m bales the total availability will be about 15m bales. Mill consumption is estimated at 11m bales, non-mill requirements at 750,000 bales and exports at 1.24m bales, so the next season will open with stocks of more than 2m bales. Last year India exported a little over 1.37m bales of cotton.

Arabica coffee trading starts today

y David Blackwell

N ARABICA coffee futures ...ntract is being launched on ...reen today by the London ...tures and Options Exchange ...ox).

At the same time the ...change is changing its cur-...nt robusta contract from ...erling to dollars. The dollar ...ntract will trade in parallel ...ith the sterling contract up to ...nd including March next year.

Fox has been planning an arabica contract for some time, and it now joins several other contracts, including both raw and white sugar, on the exchange's automated trading system, known as Fast. The contract is for European washed arabicas and will be in direct competition with the successful contract traded by open outcry on New York's Cocoa, Sugar and Coffee Exchange.

The launch of the contract and the switch to dollars for robusta trading should give plenty of opportunity for arbitrage trading. One prominent London trader said yesterday the contract was "well structured" and stood a good chance of success in the free market conditions now prevailing in the coffee market. It would be good for both roasters and producers, he said.

WORLD COMMODITIES PRICES

MARKET REPORT

THE BULLION market yesterday continued to confound the conventional wisdom that war is bullish for gold. Instead of slipping back on the news that the Gulf war was over it found good support and the price closed with a \$5.30 gain on the day at \$364.75 a troy ounce. "I think it's likely we'll now test overhead resistance between \$368 and \$370," a dealer at Union Bank of Switzerland said in Zurich. "If we get through that resistance, and we're expecting good physical demand from the Middle East, then we may break out into the \$380 to \$385 area." Platinum performed still more strongly, gaining \$10.50 to \$404 an ounce. That reflected the view that the end of the war should ease fears of a protracted recession, particularly in the motor industry, the main user of the metal. Similar reasoning was behind a 7-cent rise in the silver price to 369.5 cents an ounce. At the London Metal Exchange copper continued its cautious rally with a £13.50 rise to £1,327 in the cash position. Once again the end of fighting in the gulf was the chief bullish factor. Cash lead's £9.25 rise to £317.25 a tonne was influenced by news that Pasminco of Australia was cutting output at its Elura lead/zinc mine.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	\$14.40-4.55t	+.775
Brent Blend (dated)	\$19.55-9.70	+.975
Brent Blend (April)	\$18.80-8.85	+1.25
W.T.I. (1 pm est)	\$19.45-9.50	+.70
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	\$241-243	+4.5
Gas Oil	\$200-203	-18
Heavy Fuel Oil	\$70-71	-2.5
Naphtha	\$217-222	-3
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	\$364.75	+5.30
Silver (per troy oz)♣	369.50c	+7.00
Platinum (per troy oz)	\$404.00	+10.5
Palladium (per troy oz)	\$85.60	+3.10
Aluminium (free market)	\$1550	
Copper (US Producer)	117.75c	
Lead (US Producer)	35⅞c	
Nickel (free market)	403c	+1
Tin (Kuala Lumpur market)	15.03r	-0.01
Tin (New York)	261.0c	-0.5
Zinc (US Prime Western)	62c	
Cattle (live weight)†	108.20p	-1.06*
Sheep (dead weight)†	146.80p	+8.41*
Pigs (live weight)†	86.67p	+1.80*
London daily sugar (raw)	\$234.0w	-2.0
London daily sugar (white)	\$306.5w	+7.5
Tate and Lyle export price	£299.5	
Barley (English feed)	£121.5	
Maize (US No. 3 yellow)	£171.00	-0.25
Wheat (US Dark Northern)	£93	
Rubber (Apr)♥	48.50p	
Rubber (May)♥	49.00p	
Rubber (KL RSS No 1 Mar)	226.5m	
Coconut oil (Philippines)§	\$382.5q	-2.5
Palm Oil (Malaysian)§	\$350x	
Copra (Philippines)§	\$237.5t	+2.5
Soyabeans (US)	£141.5	-0.5
Cotton "A" Index	85.10c	+0.20
Wooltops (64s Super)	330p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Apr/May. t-Apr. w-Mar/Apr z-Jan/Feb. x-Mar. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX			(\$ per tonne)	
Raw	Close	Previous	High/Low	
Mar	210.20	213.00	215.40	200.00
May	196.00	195.00	195.60	190.20
Aug	197.00	197.00	195.60	193.40
Oct	192.80	198.00	195.00	191.40
Dec	194.80	198.80	195.00	
Mar	192.80	196.80	195.00	
May	195.20	199.00	195.00	
White	Close	Previous	High/Low	
May	298.3	300.9	299.0	291.8
Aug	296.3	299.5	297.0	290.3
Oct	270.0	271.0	269.0	269.0
Dec	264.5	265.5	263.5	

Turnover: Raw 2194 (2936) lots of 50 tonnes. White 1008 (1306)
Paris- White (FFr per tonne): May 1551, Aug 1552, Oct 1412.

CRUDE OIL – IPE			\$/barrel	
	Latest	Previous	High/Low	
Apr	18.70	18.00	18.70	18.15
May	17.88	17.30	17.88	17.50
Jun	17.41	17.00	17.35	17.15
Jul	17.20	16.79	17.15	17.05
IPE Index	17.83	17.02		

Turnover 10853 (10686)

GAS OIL – IPE			\$/tonne	
	Latest	Previous	High/Low	
Mar	180.50	184.00	187.00	177.50
Apr	166.75	165.50	170.00	165.00
May	160.00	158.50	162.50	157.50
Jun	158.50	154.00	160.00	158.00
Jul	159.25	157.00	160.50	157.00
Aug	161.25	159.00	162.50	159.00
Sep	163.25		164.50	162.00
Oct	166.00	162.00	164.25	163.00

Turnover 14213 (10217) lots of 100 tonnes

FRUIT & VEGETABLES
Juicy oranges from Jaffa, Spain, Greece and Morocco are abundant this week with sweet Navel and Shamouti varieties at 5-28p each depending on size (5-28p), reports FFVIB. Seedless grapes at 75p-£1.10 a lb (75p-£1.10) are a great buy. Vitamin packed grapefruit are excellent at 18-35p each (18-35p) depending on variety and kiwifruit at 10-24p (10-24p) depending on size. The milder weather this week has brought some vegetable prices down particularly cauliflower at 75-90p each (90-£1.35). Cucumber has dropped in price to 45-55p each (50-70p) along with round lettuce at 38-45p (40-50p).

COCOA – London FOX			£/tonne	
	Close	Previous	High/Low	
Mar	606	605	608	592
May	639	631	643	623
Jul	670	660	671	651
Sep	698	685	696	677
Dec	724	716	725	710
Mar	749	742	750	738
May	768	762	768	

Turnover: 16761 (9270) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Feb 27 840.38 (835.51) 10 day average for Feb 28 857.31 (855.92)

COFFEE – London FOX			£/tonne	
	Close	Previous	High/Low	
Mar	514	520	515	508
May	534	542	538	530
Jul	556	558	557	549
Sep	574	575	575	566
Nov	591	595	594	584
Jan	607	614	605	600

Turnover: 17302 (8285) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Feb 27: Comp. daily 71.40 (72.49). 15 day average 71.14 (70.88)

POTATOES – London FOX			£/tonne	
	Close	Previous	High/Low	
Apr	125.4	125.9	127.0	125.0
May	148.9	146.5	148.5	145.5

Turnover 84 (63) lots of 40 tonnes.

SOYAMEAL – London FOX			£/tonne
	Close	Previous	High/Low
Jun	112.50	112.50	112.50
Aug	115.00	116.00	116.00
Oct	118.00	118.00	118.00

Turnover 130 (138)lots of 20 tonnes.

FREIGHT – London FOX			\$10/index point	
	Close	Previous	High/Low	
Feb	1686		1686	
Mar	1626		1640	1626
Apr	1456	1475	1465	1460
Jul	1150	1149	1160	1145
BFI	1704	1702		

Turnover 300 (500)

GRAINS – London FOX			£/tonne	
Wheat	Close	Previous	High/Low	
Mar	126.50	125.70	126.55	126.50
May	129.95	129.00	130.05	129.60
Jun	131.90	130.95	132.00	131.50
Sep	110.00	108.70	110.00	110.00
Nov	113.10	111.80	113.50	113.00
Jan	116.90	115.60	117.00	116.75
Mar	119.65	118.90	120.00	119.65
Barley	Close	Previous	High/Low	
Mar		114.65	115.10	114.60
May		118.20	118.80	118.70
Nov		109.50	110.75	110.55

Turnover: Wheat 488 (173). Barley 111 (83). Turnover lots of 100 tonnes.

PIGS – London FOX		(Cash Settlement) p/kg
	Close	Previous	High/Low
Mar	114.0	113.0	113.0
Apr	111.5	112.0	111.5
Aug	109.5		109.0

Turnover: 34 (43) lots of 3,250 kg

MGMI – London FOX					
	Close	Prev.	High	Low	Vol
Indx	159.39	157.94			
Mar	159.10	158.30	159.10		20
Apr	160.00	158.50	160.00		10
May	159.20	158.20	159.50	159.20	40
Jun	159.40	157.90	159.80	159.00	305
Sep	158.60	157.80	160.20	158.60	221

LONDON METAL EXCHANGE				(Prices supplied by Amalgamated Metal Trading)		
	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity (\$ per tonne)						Total daily turnover 16,579 lots
Cash	1546-8	1548-50	1549/1547	1547-8		
3 months	1576-7	1576-8	1597/1572	1577-8	1575-6	52,662 lots
Copper, Grade A (£ per tonne)						Total daily turnover 25,757 lots
Cash	1326-8	1313-4	1317/1315	1316-8		
3 months	1309-10	1293-4	1311/1297	1299-300	1309-10	95,363 lots
Lead (£ per tonne)						Total daily turnover 3,416 lots
Cash	317-7.5	307-9	314/313	312.5-3.5		
3 months	327-8	317.5-9.5	329/323	323-3.5	325-6	13,939 lots
Nickel (\$ per tonne)						Total daily turnover 1,703 lots
Cash	8620-5	8650-700	8880	8660-70		
3 months	8580-1	8600-25	8650/8590	8590-600	8580-90	7,601 lots
Tin (\$ per tonne)						Total daily turnover 1,484 lots
Cash	5610-20	5620-5		5640-5		
3 months	5705-15	5715-20	5745/5710	5735-45	5715-20	6,122 lots
Zinc, Special High Grade (\$ per tonne)						Total daily turnover 4,239 lots
Cash	1217-8	1210-5	1220/1214	1213-5		
3 months	1204-5	1198-200	1215/1200	1205-7	1200-2	18,707 lots

LME Closing £/\$ rate: SPOT: 1.9125 3 months: 1.8858 6 months: 1.8663 9 months: 1.8466

LONDON BULLION MARKET (Prices supplied by N.M.Rothschild)		
Gold (fine oz)	\$ price	£ equivalent
Close	364.50-365.00	
Opening	363.00-363.50	
Morning fix	363.00	188.915
Afternoon fix	362.70	189.419
Day's high	364.60-365.00	
Day's low	362.70-363.30	

Loco Ldn Mean Gold Lending Rates (Vs US\$)			
1 month	5.67	6 months	5.32
2 months	5.62	12 months	5.18
3 months	5.53		

Silver fix	p/fine oz	US cts equiv
Spot	191.60	367.85
3 months	197.45	373.75
6 months	202.80	379.70
12 months	212.80	391.80

GOLD COINS (Prices supplied by Engelhard Metals)		
	\$ price	£ equivalent
Krugerrand	364.00-365.00	190.00-190.50
Maple leaf	374.50-375.50	195.50-196.00
New Sovereign	88.00-89.00	46.00-46.50

TRADED OPTIONS				
Aluminium (99.7%)	Calls		Puts	
Strike price \$ tonne	Mar	May	Mar	May
1500	58	88	2	19
1600	3	38	48	62
1700	0	11	144	134
Copper (Grade A)	Calls		Puts	
2400	126	129	1	49
2500	44	78	19	94
2600	6	40	81	157
Coffee	May	Jul	May	Jul
500	41	64	7	8
550	14	32	30	26
600	3	14	69	58
Cocoa	May	Jul	May	Jul
600	49	81	11	12
650	21	46	33	29
700	8	27	70	38
Brent Crude	Apr	May	Apr	May
1700	140	110	10	40
1800	60		40	100
1900				160

New York

GOLD 100 troy oz.; \$/troy oz.				
	Close	Previous	High/Low	
Mar	367.4	361.7	0	0
Apr	369.0	363.3	370.3	364.5
May	370.7	364.9	0	0
Jun	372.5	366.6	374.0	368.0
Aug	375.8	369.9	373.6	372.4
Oct	379.2	373.2	376.7	374.9
Dec	382.7	376.6	382.7	377.9
Feb	386.3	380.2	0	0
Apr	389.9	383.7	0	0

PLATINUM 50 troy oz; \$/troy oz.				
	Close	Previous	High/Low	
Apr	405.7	395.9	408.5	398.5
Jul	410.0	400.1	413.0	404.0
Oct	414.2	404.1	415.5	413.0
Jan	417.8	407.7	420.0	410.0
Apr	422.6	412.8	423.8	0

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
Mar	372.9	357.0	374.5	362.5
Apr	374.8	358.0	0	0
May	377.3	361.5	379.5	367.0
Jul	382.0	366.0	384.5	373.0
Sep	386.8	370.6	389.0	376.0
Dec	393.9	377.4	395.0	384.5
Jan	395.3	378.6	0	0
Mar	401.3	384.5	399.5	393.0
May	406.4	389.4	0	0
Jul	411.6	394.4	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	114.70	113.80	115.25	114.20
Apr	112.90	111.96	113.20	113.00
May	111.50	110.45	112.30	110.70
Jun	110.50	109.55	111.00	111.00
Jul	109.45	108.45	109.90	106.80
Aug	108.65	107.75	0	0
Sep	107.85	107.05	108.10	107.80
Oct	107.10	106.30	0	0
Nov	106.55	105.70	0	0
Dec	105.85	104.95	106.40	105.60

CRUDE OIL (Light) 42,000 US galls \$/barrel				
	Latest	Previous	High/Low	
Apr	19.37	18.86	19.50	19.07
Jun	18.60	18.19	18.72	18.32
Oct	18.56	18.13	18.60	18.28

HEATING OIL 42,000 US galls, cents/US galls				
	Latest	Previous	High/Low	
May	5250	5157	5300	5170
Jun	5110	5002	5160	5060
Jul	5070	4947	5100	5050
Aug	5155	5007	5145	5080
Sep	5260	5142	5290	5260

COCOA 10 tonnes;\$/tonnes				
	Close	Previous	High/Low	
Mar	1110	1085	1117	1105
May	1138	1121	1145	1128
Jul	1172	1155	1176	1162
Sep	1200	1189	1208	1194
Dec	1251	1233	1250	1240
Mar	1291	1274	1266	1284
May	1316	1303	1315	1312
Jul	1346	1333	0	0

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	90.15	89.05	90.50	88.35
May	92.75	90.75	93.00	90.35
Jul	95.00	92.80	95.25	92.50
Sep	97.10	95.15	97.20	94.80
Dec	99.95	98.10	99.95	97.50
Mar	103.25	100.90	103.25	103.25
May	105.05	103.40	104.10	102.50
Jul	106.80	105.15	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	8.85	8.68	8.51	8.60
May	8.78	8.76	8.83	8.61
Jul	8.54	8.53	8.63	8.43
Oct	8.49	8.52	8.58	8.35
Mar	8.63	8.64	8.73	8.56
May	8.67	8.68	0	0
Jul	8.78	8.75	0	0

COTTON 50,000; cents/lbs				
	Close	Previous	High/Low	
May	87.55	86.12	87.70	85.28
Jul	86.00	84.82	86.05	84.12
Oct	72.40	72.05	72.50	71.80
Dec	67.98	67.85	68.00	67.50

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	111.35	113.65	113.20	111.15
May	111.10	113.30	112.75	110.50
Jul	112.00	114.05	113.75	112.00
Sep	113.30	115.20	115.20	113.30

INDICES				
REUTERS (Base: September 18 1931 = 100)				
	Feb 28	Feb 27	mnth ago	yr ago
	1690.9	1688.6	1658.1	1840.3
DOW JONES (Base: Dec. 31 1974 = 100)				
	Feb 27	Feb 26	mnth ago	yr ago
Spot	123.80	123.86	121.92	130.16
Futures	128.09	128.05	125.16	131.94

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
Mar	575/6	572/2	578/2	572/2
May	588/0	584/6	590/4	583/6
Jul	600/4	596/2	604/0	597/0
Aug	605/4	603/0	609/0	602/4
Sep	608/2	606/0	611/4	606/0
Nov	619/0	614/6	620/4	614/4
Jan	630/2	626/0	630/4	625/4
Mar	641/0	637/2	641/0	636/0

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
Mar	21.64	21.20	21.65	21.21
May	21.98	21.57	22.00	21.58
Jul	22.32	21.90	22.34	21.89
Aug	22.38	21.97	22.38	22.04
Sep	22.45	22.09	22.45	22.30
Oct	22.50	22.15	22.60	22.35
Dec	22.75	22.36	22.75	22.35
Jan	22.75	22.40	22.80	22.55

SOYABEAN MEAL 100 tons; \$/ton				
	Close	Previous	High/Low	
Mar	168.2	167.1	168.4	166.6
May	171.3	170.9	171.8	169.9
Jul	174.5	174.6	175.5	173.9
Aug	176.0	176.5	177.0	175.6
Sep	177.6	178.0	178.7	177.3
Oct	179.1	179.0	179.8	178.6
Dec	182.1	182.2	182.5	181.6
Jan	182.5	182.8	183.5	182.5

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
Mar	241/2	239/6	241/4	239/2
May	251/0	249/2	251/4	249/6
Jul	256/6	256/2	258/0	256/0
Sep	260/4	258/0	261/0	258/4
Dec	263/6	260/6	264/0	260/4
Mar	270/6	268/2	271/0	267/6
May	276/0	273/6	276/0	274/0

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
Mar	259/6	252/2	259/6	251/4
May	269/4	263/6	270/0	263/2
Jul	280/0	274/2	281/0	274/0
Sep	289/0	282/0	289/4	282/4
Dec	302/4	296/2	302/4	295/0
Mar	310/0	304/0	310/0	308/4

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Apr	80.22	79.35	80.35	79.32
Jun	77.02	76.17	77.05	76.15
Aug	74.65	74.15	74.70	74.20
Oct	75.12	74.62	75.15	74.65
Dec	75.90	75.45	75.90	75.50
Feb	75.75	75.50	75.77	75.45
Apr	76.70	75.70	0	0

LIVE HOGS 30,000 lb; cents/lbs				
	Close	Previous	High/Low	
Apr	51.87	50.75	52.10	50.80
Jun	56.77	56.07	57.40	56.05
Jul	56.32	55.37	56.87	55.40
Aug	53.20	52.05	53.45	52.20
Oct	47.65	47.27	47.95	47.20
Dec	47.30	47.05	47.70	47.20
Feb	47.32	47.20	47.40	47.15
Apr	45.45	0	45.45	45.00

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
Mar	64.12	62.22	64.22	62.10
May	63.80	61.80	63.80	61.75
Jul	62.87	60.95	62.95	60.95
Aug	60.80	58.80	60.80	58.80
Feb	59.10	57.10	59.10	58.90
Mar	58.65	59.00	59.00	58.60

LONDON STOCK EXCHANGE

Heavy trading fuels gains in shares

THE UK stock market outpaced other leading world markets yesterday as its response to the ending of hostilities in the Gulf was strengthened by a flow of favourable trading reports from blue chip UK companies. At best, London was 40 points ahead on the Footsie scale, but the gain was cut by nearly one quarter after Wall Street opened the new session on the downside.

Turnover increased dramatically, as measured by the Seaq-reported total of 841.3m shares, only exceeded in recent times by the 1.09bn shares traded on Oct 8 in the aftermath of Britain's full entry into the European exchange rate system. However, yesterday's volume total was boosted by a double-counted deal involving 59m shares in Sedgwick as Transamerica Corporation, the UK conglomerate, reduced its equity stake in the British insurance broker from 39 per cent to 25 per cent.

Account Dealing Dates		
First Dealings:		
Feb 11	Feb 25	Mar 11
Option Declarations:		
Feb 21	Mar 7	Mar 27
Last Dealings:		
Feb 22	Mar 8	Mar 28
Account Day:		
Mar 4	Mar 18	Apr 8

*New-time dealings may take place from 8.30 am two business days earlier.

The market opened 20 Footsie points higher as the termination of the Gulf war was welcomed in the City of London. As well as removing a major uncertainty from the investment scene, the allied victory against Iraq turned attention to UK building and construction industry shares likely to benefit from the rebuilding of Kuwait.

The upturn in share prices was quickly spurred by the eagerly-awaited trading report from ICI, with the maintained dividend from Britain's blue chip chemical group warmly welcomed in the stock market. ICI's profits for the year were at the top end of City expectations while Glaxo, the pharmaceutical group also widely-held by institutions, turned in results above analysts' forecasts.

Led by substantial rises in ICI and Glaxo and a lesser gain in Barclays which also announced profits yesterday, the market advanced by 40.4 to a level of 2,388.4 on the Footsie at mid-morning. The upsurge was also fuelled by speculative trading surrounding the expiry of the February FT-SE Index options contract which has prompted an enquiry by the International Stock Exchange.

The equity market came off the top fairly quickly and was then additionally discouraged by a fall of 10.89 Dow points on Wall Street during London trading hours. At the close, the FT-SE Index stood at 2,380.9, a gain of 32.9 on the day.

The Footsie closed at its highest level since July 19 last year when the threat of conflict in the Gulf was first unsettling investors. Only a few days earlier in July, the market had recaptured the FT-SE 2,400 mark which some analysts now see as the next hurdle to be cleared if the present bull phase continues.

Traders reported strong two-way trade yesterday as institutions and private investors showed confidence in the outlook for share prices. Oil shares continued to move ahead as reports of the damage to Kuwaiti oil installations suggested that crude oil prices may benefit from reduced supply. Financial sectors found further support as the profits reporting season at the banks and leading insurance groups continued.

As so often in recent weeks, attempts by institutions to put new cash into equities were hindered by the general shortage of stock, which was also reflected in a high proportion of inter market dealings. But, with interest rate optimism in full spate again after this week's half point cut in UK base rates, and further encouraged yesterday by signs of lower rates in Spain, the London market closed on an optimistic note.

Sedgwick stake placed

TURNOVER in Sedgwick, the insurance broker, reached 122m shares as Transamerica, the US financial conglomerate, cut its stake in the company from 39 per cent to 25 per cent.

The 59m shares were placed with domestic and foreign institutions at 222p by S.G. Warburg and Morgan Stanley. The brokers had paid 218½p for the stock.

The original 39 per cent shareholding consisted in part of 'A' shares, having one quarter of an ordinary share's vote, issued to keep Transamerica's voting rights below the 30 per cent threshold at which it would have to launch a bid under UK rules. The tranche of shares placed have full voting rights and Transamerica said it would convert enough restricted voting 'A' shares to keep its voting power above 20 per cent. Sedgwick fell 6 at one point but halved that fall eventually to close at 234p. Analysts continued to trim their profits forecasts in the wake of results released on Monday.

Glaxo pleases

Glaxo rose spectacularly after the company revealed interim profits 6.6 per cent higher at £617m; analysts had expected profits to be flat.

The shares were 71 ahead at one stage and finished at a new closing high of 974p for a rise of 58 on the day. Turnover at 5.9m was the heaviest this year.

Analysts said the results were much better than expected, "at least £20m above the highest forecast", according to Mr Martin Hall of UBS Phillips & Drew. He cautioned against too optimistic an interpretation, however, saying that the gain had come from investing its cash pile at high UK interest rates.

Mr Andrew Porter at Nikko warned that SmithKline Beecham's results next week would once again draw attention to Losec, a fast growing Swedish drug which competes with Glaxo and SmithKline's best sellers. This would reoccur on May 13 with figures from Losec's maker, Astra.

Mr Ian White at Kleinwort Benson took a more bullish line, concentrating on good performances from two new Glaxo drugs, Zofran, an anti-emetic, and Serevent, an asthma drug. "Glaxo's future depends on its new drugs, and Zofran is heading towards being a blockbuster," he said.

Welcome for ICI

The market greeted ICI's much talked of final results by pushing the shares 31 higher to 1027p. Turnover was an above average 5.4m. There had been much talk of the company's dividend being in danger, in spite of analysts' assurances that there were no worries on those grounds for the 1990 figures.

Mr Charles Lambert at Smith New Court said ICI had put in "a confident performance" yesterday and that the accompanying statement was "less negative than some had feared". In addition, the balance sheet looked good and both ICI and analysts looked forward to a recovery in the second half of 1991.

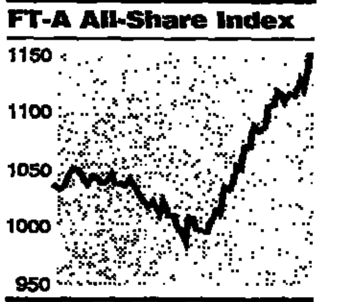
Analysts and traders worked overtime to cope with the flow of results from composite insurers. Royal Insurance firmed 12 to 457p in spite of a cautious reception given to the full year loss of £187m (£126m profit last time) from many analysts. Morgan Stanley rated the stock a sell, saying the company still had a weak balance sheet and there were doubts over whether it would be able to cover its dividend on a two to three-year view. UBS Phillips & Drew, however, took a "neutral to lukewarm" stance and remained a buyer.

The market took another look at General Accident's net asset values, published on Wednesday, and left the stock among the worst performers of the day in the FT-SE 100. It lost 12 to 533p, making a two-day decline of 18. Traders reported some swtiching from GenAcc to Royal.

Figures from Eagle Star prompted buying of its owner, BAT Industries. Analysts said that after stripping out property losses, Eagle Star looked better than other composites. BAT climbed 13 to 676p.

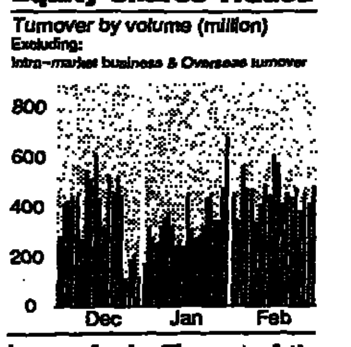
Full year profits from Barclays, up almost 10 per cent at £760m, pushed the shares 17 higher to 417p. Other clearers rose in sympathy with the exception of Lloyds, 4 lower at 336p. Lloyds, unlike its rivals, went ex-dividend on Monday and is thus less attractive to income funds. The rest of the big three are due to follow suit at the start of the next account on March 11.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding: Intra-market business & Overseas turnover



Profit-taking after a long bull run and ahead of figures today left Abbey National 4 off at 257p against the trend.

An announcement that 10 UK companies were among 36 engineering and construction concerns selected for emergency contracts in war-torn Kuwait gave a much-needed fillip to the sector.

The best performer was Higgs & Hill, the housebuilding and construction group, which soared 43 to 363p on low volume. John Laing rose 28 to 336p and Costain was up 12 to 228p. All three companies were among those selected.

The rush of interest was good news for the whole sector, and other companies gained on the back of the announcement. McAlpine picked up 21 to 282p, Mowlem rose 13 to 327p and Trafalgar House was up 5 to 254p on a turnover of 6m.

Only two companies failed to benefit. Havelock Europa, the shop fitter, eased 3 to 112p, reflecting continuing concern over the state of the UK retail industry.

Pilkington, the glass manufacturer, lost 7 to 186p on a turnover of 5.7m following an analyst's visit to Germany. Barclays de Zoete Wedd, the UK investment bank, cut its profit forecast for the year ending in March by £40m to £150m. It also reduced its March 1992 estimate to £130m from £175m.

Analyst Mr Mark Gibbon said the company's position in Germany was promising but its activities in the rest of the world were disappointing. "Not only have we downgraded considerably but recent tax charges leave the company looking one of the most expensive stocks in the sector," he added.

Turnover in Pearson rose to an unusually high 1.2m shares as stories swept first the Dutch stock market and then London sales desks that the company would sell its 22 per cent stake in Elsevier, which would in turn dispose of its 8.9 per cent holding in Pearson.

The rumoured values of the stakes were £175m for the tranche of Pearson and £350m to £375m for the shares in Elsevier. Pearson firmed 9 with the market to 726p, while Elsevier fell in otherwise buoyant Amsterdam trading.

Second line advertising companies continued to benefit from light buying in the wake of recommendations by S.G. Warburg and a subsequent shortage of stock. Lopex added 9 at 66p, making a two-day rise of 20. More O'Ferrall climbed 17 to 228p, Shandwick added 5 at 65p and Michael Page took its two-day improvement to 6½ by firming 2 to 36p.

A strong two-way pull developed in Marks and Spencer, the shares easing 2 to 244p as 8.2m changed hands. Dealers said there were buyers who hoped that the cut in UK interest rates would boost consumer confidence. However, they were balanced by the bears, who pointed to Courtaulds, a supplier to Marks, which said in its final results that it remained concerned about consumer confidence. Courtaulds rose 6 to 377p.

Argyll fell 6 to 270p on suggestions that a broker was recommending a switch into J. Sainsbury, down a penny at 325p. Other large food retailers were also weaker, and food specialists expressed surprise that there had been no reaction to the news that the Office of Fair Trading's investigation into supermarkets had found that a cartel did not exist.

Albert Fisher put on 2 to 125p as a busy 6.4m shares changed hands on suggestions that a broker had recommended the stock. Hillsdown added 4 at 226p after James Capel said the company had good long-term earnings potential. However, Capel remained concerned that there might be a provision in its final figures, due on March 13, for a convertible bond issue.

North West Water saw a further mark-down following a recent reduction in profit forecasts by brokers County NatWest. The Water Package lost much of the previous day's gains, slipping 15 to £2978.

However, Severn Trent closed 2 firmer at 286p following a confident meeting with investors.

Oil majors consolidated following a good performance on Wall Street. British Petroleum firmed 5½ to 332½p on a turnover of 8.1m. One analyst said there was a feeling that a new Colombian oil field, in which BP has a large interest, was likely to be more profitable than anticipated.

T. Cowie, the north of England motor trader, appreciated 6 to 69p following better than expected results. Mr John Lawson of Nomura Research said the company had confounded the bears by continuing to make money from its contract hire arm and he raised his 1991 profits forecast by £2.5m to £12m.

Nomura also pushed Lucas in a general review of motor stocks. It argued that the "knee-jerk reaction" to the end of the Gulf conflict was overdone, but that Lucas, which picked up 10 to close at 165p, was the most attractive buy in the sector.

■ Other Market statistics, including the FT-Actuaries share index, Page 23

NEW HIGHS AND LOWS FOR 1990/91

NEW HIGHS (118).
BRITISH FUNDS (2) AMERICANS (2) CANADIANS (1) BANKS (3) BREWERS (3) BUILDINGS (18) CHEMICALS (1) STORES (7) ELECTRICALS (5) ELECTRICITY (1) ENGINEERING (9) FOODS (12) INDUSTRIALS (22) Apollo Metals, BTR Warrants 1994-95, Baird (Wm.), Barla, Baynes (Charles), Beepak, Betterware Consumer Prods., Boots, British Aerospace, Do. Cnv. Prf., Cape, Charter Consolidated, China Light, Cornwell Parker A, Elan Corp., Glaxo, Low & Bonar, Silentnight, SmithKline Beecham A, Spring Ram, Tomkins 5¼pc Prf., Unichem, Yale & Valor, INSURANCE (1) LEISURE (1) PAPERS (2) PROPERTY (3) SHOES (1) TEXTILES (1) TRANSPORT (1) TRUSTS (19) WATER (2).
NEW LOWS (19).
STORES (1) ELECTRICALS (1) INDUSTRIALS (5) Billam (J.), Chillington Corp., Kitty Little, MY Hldgs., Shaw (A.), LEISURE (1) MOTORS (1) PROPERTY (4) TEXTILES (1) TRUSTS (1) MINES (4).

FINANCIAL TIMES STOCK INDICES

	Feb 28	Feb 27	Feb 26	Feb 25	Feb 22	Year Ago	1990/91 High	1990/91 Low	Since Compilation High	Since Compilation Low
Government Secs	85.09	85.39	85.39	85.65	85.57	78.90	85.69 (19/2/91)	74.13 (30/4/90)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	93.47	93.58	93.60	93.63	94.18	86.69	94.23 (19/2/91)	83.80 (30/4/90)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1910.7	1877.8	1855.0	1866.5	1846.7	1784.9	1968.3 (3/1/90)	1510.4 (24/9/90)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	157.7	134.4	131.2	128.4	127.0	267.8	378.5 (6/2/90)	127.0 (22/2/91)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2380.9	2348.0	2322.2	2335.5	2314.3	2226.4	2463.7 (1/1/90)	1990.2 (28/9/90)	2463.7 (3/1/90)	986.9 (23/7/84)
FT-SE Eurotrack 200	1095.85	1083.75	1079.79	1096.31						
Ord. Div. Yield	5.08	5.14	5.19	5.16	5.21	4.97				
Earning Yld %(full)	9.79	10.72	10.82	10.75	10.86	11.76				
P/E Ratio(Net)(*)	12.55	11.26	11.17	11.25	11.13	10.29				
SEAQ Bargains 4.45pm	42,389	31,228	28,911	32,785	31,163	21,303				
Equity Turnover(£m)†	-	1088.38	895.73	926.63	829.14	742.00				
Equity Bargains†	-	31,513	31,227	32,843	31,906	22,270				
Shares Traded (mil)†	-	494.9	420.9	468.3	398.4	334.0				

Ordinary Share Index, Hourly changes — Day's High 1916.7 — Day's Low 1891.7

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1893.7	1894.6	1892.2	1910.3	1907.8	1911.5	1914.6	1910.8	1909.0

FT-SE 100, Hourly changes — Day's High 2388.4 — Day's Low 2365.9

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2367.1	2367.9	2362.1	2379.9	2379.0	2383.0	2385.7	2380.5	2378.9

FT-SE Eurotrack 200, hourly changes — Day's High 1098.76 — Day's Low 1093.74

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1094.64	1094.00	1096.72	1096.81	1096.12	1097.32	1098.34

GILT EDGED ACTIVITY		
Indices*	Feb 27	Feb 26
Gilt Edged Bargains	112.8	107.2
5-Day average	100.2	97.6

*SE Activity 1974. †Excluding intra-market business & Overseas turnover.

London report and latest Share Index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
British Telecom	9,300	311½	+4	Ladbroke	4,600	288	+7	Royal Insurance	4,800	457	+12	Wellcome	888	810	+7
Bunzl	368	80	+2	Land Securities	2,400	535	-2	Saatchi	13,000	18	+½	Welsh Water	736	321½	-2½
Burmah Castrol	1,100	555	+11	Laporte	283	557	+18	Sainsbury	2,000	325	-1	Wessex Water	741	308	+1
Burton	4,500	98	+3	Legal & General	1,700	422	+2	Scottish & New.	1,000	400	+1	Whitbread 'A'	948	491	-4
Cable & Wire.	1,700	533	-1	Lloyds Abbey	488	307	+5	Sears	7,500	92	-2	Wiggins Teape	1,800	207	
Cadburys	2,900	363	-4	Lloyds Bank	4,100	336	-4	Sedgwick	122,000	234	-3	Williams Hldgs.	1,300	275	+4
Calor Group	203	230	+4	LASMO	2,700	374	+6	Seeboard	581	174		Willis Corroon	2,400	287	-1
Carlton Comms.	945	421	+11	London Elect.	635	184		Severn Trent Water	1,800	286	+2	Wimpey	3,200	207	+10
Coats Viyella	5,200	120	+3	Lonrho	2,900	234	+7	Shell Transport	3,600	471	+7	Yorkshire Elect.	356	196	-2
Comm. Union	1,800	537	+4	Lucas	6,600	165	+10	Siebe	2,000	401	+10	Yorkshire Water	319	289	-4
Cookson	1,400	129	-3	MB Caradon	3,000	191	+1	Slough Ests	513	248	+2				

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

March futures joust with the 2,400 level

THE END of the Gulf war brought an early rally in London equity futures, although by the close the market was begining to show signs of being unable to hold on to those gains.

Relief at the official end to hostilities in the Gulf region produced a rash of enthusiasm in the futures market, with the March FT-SE 100 index breaking above the psychologically important 2,400 level.

However, the advance was short-lived and as the session wore on the selling pressure built up. The March Footsie contract's lead over the spot index narrowed to just 11 points, compared with 32 at the previous close.

Brokers said this indicated that the stock market could ease back from its current levels. The March FT-SE ended at 2,389, up 17 on the day. In after-hours dealings it slipped to 2,386.

In traded options, dealing was dominated by the news that the Stock Exchange is to investigate complaints of market manipulation during the expiry of the February FT-SE 100 index options contract.

A total of 41,151 contracts were traded, with the FT-SE options accounting for 12,994. The current contract in Rolls-Royce was also one of the busier features in the market, with dealing concentrated in March 2,400 calls.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

BRITISH FUNDS—Contd

Index-Linked

INT. BANK AND O'SEAS

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Contd

CANADIANS

Continued on next page

APPOINTMENTS

New group executive post at Courage

COURAGE has appointed Mr Nick Bryan (pictured) to the new post of group executive director, UK operations, with responsibility for co-ordinating sales and marketing, brewing, and distribution and supply. He was executive director, finance, strategy and management information systems, where he is succeeded by Mr Philip Gillett, who was executive director, taxation, Europe and North America, for the Foster's Brewing Group.

■ Mr D.J. Armes becomes active underwriter of M.W. Drysdale & Others Non-Marine Syndicate No. 820 from May 1. He succeeds Mr R.T. Griffiths who retires from the board of the MURRAY LAWRENCE GROUP and as active underwriter.

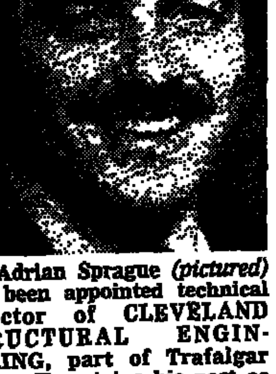
■ Lord Jenkin of Roding, Sir Idris Pearce, and Mr John van Kuffeler, group chief executive, Brown Shipley & Co, have been appointed to the board of THE PHOENIX INITIATIVE.

■ LEX VEHICLE LEASING has appointed Mr Andrew Dorehill as executive director of information technology, based in Marlow. He was with sister company Volvo Concessionaires.

■ Mr J.S. Byers has been appointed commercial director of HIGHLAND DISTILLERIES. Mr J.S. Wilson becomes financial director, and Mr A.W.F. Mitchelson is made administration director and company secretary.

■ PRIVATE FUND MANAGERS, a subsidiary of Edinburgh Fund Managers, has acquired a research team formerly with Cobbold Roach. Mr Ian Essen has been appointed an associate director, and he is joined by Mr Michael Barnett and Mr Mark Archer.

■ FRAMLINGTON GROUP has appointed Mr Gerard Quirke as operations director. He was finance director of CCF Holdings.



Mr Adrian Sprague (pictured) has been appointed technical director of CLEVELAND STRUCTURAL ENGINEERING, part of Trafalgar House. He retains his post as technical director of sister companies Willett, and Cementation Construction.

■ Mr Stuart Howell, manager of BP OIL's UK retail property and development group, is to become manager of the company's retail operation with responsibility for 1,850 service stations from April 2. He succeeds Mr Tony Ryde who is to move to a new retail post in BP Europe.

■ Mr John Bryant has been appointed to the new post of general manager, generation, responsible for all generation activities at MIDLANDS ELECTRICITY. He moves from British Sugar where he was general manager, commercial development, in the new business division, with responsibility for power generation ventures. Previously he was president of Drexel Group, having negotiated the management buyout from BOC.

■ SECURITAG (UK) has appointed Mr Doug Stephen as managing director. He was international sales and marketing director, and succeeds Mr John Smith who becomes director of international operations.

■ Mr Steve Schwarz has been appointed finance director of KALL-KWIK PRINTING (UK). He was finance director of Malden Timber.

■ Mr Ben Travers has been appointed managing director of WADE CERAMICS, industrial division, Beauford.

■ Mr James T. Laurenson, managing director and deputy chairman of Adam & Company Group, has joined the board of THE LIFE ASSOCIATION OF SCOTLAND.

■ LAING YORKSHIRE, Leeds, has appointed Mr Brian Richardson as managing director. He was with Shepherd Construction, which he joined in 1985. From 1967 to 1985 he was with Laing.

■ HUNKYDORY DESIGNS has appointed Mr Christopher Dyson as managing director. He was administrative director with Villeroy and Boch.

LONDON SHARE SERVICE

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BANKS, HP & LEASING

1990/91 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	£9	ABN Amro F15	£9⅞	......	Q28%	2.1	8.9	5.3
[illegible]	121	ANZ SA1	142	−1	Q38c	1.9	10.9	4.9
[illegible]	172	Abbey National 10p	257	−4	5.7	4.3	3.0	10.4
[illegible]	126	Allied Irish Ord	176	+8	†Q40%	3.3	5.1	8.0
[illegible]	47	Anglo Irish	65	+2	Q18.6%	2.3	6.4	8.6
[illegible]	43	Ansbacher (H.) 1p	44	−2	2.5	1.3	7.6	12.7
[illegible]	£32⅞	Bancaire Cie Fr100	£51⅞	−⅞	Q12¼%	−	2.5	−
[illegible]	£12⅝	Banco Bilbao Viz	£16¼	−⅛	Q49.1%	2.7	5.1	7.3
[illegible]	£21⅞	Banco de Santander	£26⅞	......	Q28.7%	2.3	4.2	10.0
[illegible]	130	Bank Ireland Ir£1	184	+5	Q14.7%	2.9	7.2	6.5
[illegible]	£18	Bank Leumi	£19½	......	−	−	−	−
[illegible]	320	Bank Leumi (U.K.) £1	350	......	16.0	−	6.1	−
[illegible]	100	Bank Scotland	131	......	†4.55	3.4	4.6	8.4
[illegible]	83½	Do. 9¾pc Irrd Pf £1	103¾	......	9¾%	−	11.9	−
[illegible]	99½	Do. 9¾pc Irrd Pf £1	107¼	......	9¼%	−	12.1	−
[illegible]	39	Bank of Wales	42	......	2.8	0.8	8.9	(20.2)
[illegible]	290	Barclays £1	417	+17	21.15	♦	7.0	♦
[illegible]	9	Beachmark 20p	9	......	0.75	−	11.1	−
[illegible]	195	Brown Shipley £1	224	......	‡12.0	2.2	‡	7.2
[illegible]	285	Cater Allen £1	457	......	F24.5	−	7.1	−
[illegible]	29	Chancery	36	......	‡9.0	2.7	‡	1.4
[illegible]	£14	Commerzbk DM10	£18½	+⅛	Q18%	−	3.3	−
[illegible]	620	Dai Ichi KBk Y50	868	−13	Q17%	6.2	0.4	41.0
[illegible]	£189½	Deutsche Bk DM50	£222⅞	−2¼	Q28%	−	2.1	−
[illegible]	£14⅝	Espirito Santo	£17	+¼	Q75c	5.1	2.2	8.7
[illegible]	152	First Nat. Fin 10p	187	+2	13.0	1.2	9.3	(11.1)
[illegible]	78	FNFC 6.3pc Cv. Pf £1	98	−1	6.3%	−	8.6	−

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS – Contd

ELECTRICITY

ENGINEERING

ENGINEERING – Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INDUSTRIALS (Miscel.) – Contd.

INSURANCES

LEISURE

LONDON SHARE SERVICE

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MOTORS, AIRCRAFT TRADES

1990/91 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
131	50	ABI Leisure 10p	63	+4	3.1	4.4	6.6	4.3
£14¼	£5¼	DAF N.V. Fl5	£7	.....	Q50%	2.0	10.7	4.6
149	79	General Mtrs Units	98½	+7½	⊕Q124¢%	–	6.4	–
41	9	March Group 5p	14	.....	–	–	–	–
*£227¼	£101	Volkswagen DM50	£124¾	−2¼	Q22%	3.5	3.0	9.7
£44¾	£18¼	Volvo AB 'B' Kr25	£26¼	+1	Q62%	4.3	5.3	4.4

Commercial Vehicles

1990/91 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
253	68	ERF (Hldgs)	134	+16	‡10.0	1.6	‡	8.2
180	48	Plaxton Grp	49	−1	8.5	2.0	23.1	2.7

Components

1990/91 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
463	420	Abbey Panels	463	.....	3.5	10.8	1.0	12.3
225	123	Airflow Streamlines	140	+8	6.0	3.0	5.7	7.8
190	140	Bostrom 5p	140	.....	†5.75	3.1	5.5	6.4
266	145	Dowty 50p	177	+9	†9.0	2.1	6.8	8.5
239	110	FR Group	145	+6	6.37	3.1	5.9	7.4
135	55	Kwik-Fit Hldgs. 10p	95	+6	†2.4	2.3	3.4	17.6
174	102	Lucas Inds	165	+10	7.0	2.5	5.7	8.1
44	14	Do. Warrants	29	+2½	–	–	–	–
80	48	Mid-States 10p	48	.....	s20.75	–	2.1	30.1

Garages and Distributors

1990/91 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
28	14	Alexanders 10p	22	+1	1.0	3.4	6.1	6.0
135	60	Appleyard 10p	75	.....	†7.8	2.4	13.9	3.5
110	55	Bletchley Motor 20p	73	+3	†7.5	1.9	13.7	5.2
568	378	Caffyns 50p	380	.....	11.5	1.0	4.0	(34.6)
121	88	Central Motor Auctns	90	.....	3.5	2.7	5.2	8.6
61	15	Clark (D.C.) Hldgs 5p	17	.....	1.0	5.3	7.8	3.2
89	33	Cowie (T.) 5p	69	+6	3.7	♦	7.4	♦
95	56	Dagenham Motors 10p	81	+1	†5.25	2.8	8.6	5.6
98	70	Davenport Vernon 10p	85	+8	4.0	2.4	6.3	8.7
247	158	Evans Halshaw	207	+14	11.25	2.4	7.2	7.6
113	67	Gates (F.G.)	70	.....	2.75	1.9	5.2	13.1
161	25	Gowrings 10p	39	+3	5.63	1.0	19.2	6.7
81	44	Jacks Wm	44	.....	†2.0	1.0	‡	21.6
118	41	Jessups	57	+1	7.0	1.0	16.4	8.3
297	118	Lex Service	177	+12	15.3	1.9	11.5	6.2
147	50	Lookers	82	+3	6.2	2.3	10.6	5.5
43	21	Malaya Group 10p	21	.....	2.0	♦	12.7	♦
133	85	Pendragon	104	+8	Z1.8	–	2.3	6.7
178	99	Perry Group	123	+11	9.0	1.4	9.8	9.1
133	45	Quicks Group 10p	70	+2	6.0	3.0	11.4	3.6
298	150	Sanderson Murray Elder 5p	235	+30	a6.67	♦	4.0	♦
26½	13½	Trimoco 10p	21½	+1	1.4	2.4	8.7	6.2
£222	£115	Do. 11½pc Ln '96	£182	+14	Q11.5	–	6.3	–
86	65	Vardy (Reg) 10p	81	+8	†2.4	3.4	4.0	8.8

NEWSPAPERS, PUBLISHERS

1990/91 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
93	23	Adscene 5p	50	+5	‡4.0	0.9	‡	13.5
273	183	BPP Hldgs 10p	228	.....	†5.25	2.6	3.1	16.8
190	125	Barbour Index	167	.....	†6.0	2.2	4.8	12.6
520	385	Black (A. & C.)	500	.....	13.0	2.3	3.5	16.1
1020	570	Blenheim Group 5p	710	+5	20.0	2.4	3.8	12.7
375	210	Bristol Eve. Post	248	+10	11.5	1.6	6.4	13.4
£61	£35	Daily Mail 'A' 50p	£45¼	.....	110.0	2.9	3.2	11.6
257	179	EMAP	225	+5	16.5	2.7	3.9	12.6
383	323	Euromoney Pubs. 1p	353	+5	18.5	1.5	7.0	12.6
*178	75	EW Fact 5p	93	.....	†Q3.5	1.9	5.0	10.1
195	112	Gardner D.C. 5p	117	+4	14.3	2.0	4.9	10.3
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY – Contd

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

INVESTMENT TRUST

[illegible]

INVESTMENT TRUST – Contd

[illegible]

INVESTMENT TRUST – Contd

[illegible]

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

[illegible]

WATER

[illegible]

OIL AND GAS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES – Contd

1990/91 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
63	35	♦Central Pacific	36	+1	–	–	–
7½	2¾	♦Croesus Mining N.L.	3	.....	–	–	–
34	16	♦Delta Gold 25c	22	+1	–	–	–
104	27	♦Dominion Mining	31	+1	†Q4c	7.8	5.4
13	11	Doral Resources	13	.....	Q1c	–	3.1
8	1½	♦Dragon Mining	1½	.....	–	–	–
164	20	♦Emperor Mines	21	.....	–	–	–
3	1½	♦Endeavour 20c	2	.....	–	–	–
62	19½	♦GMI Kalgoorlie 5c	20½	.....	–	–	–
86	29	♦Gwalia Cons. 20c	29	−1	Q8c	1.6	11.2
78	21	♦Indonesian Diamond $2	39	.....	–	–	–
6½	1½	♦Jason Mining 20c	1½	.....	–	–	–
6	0½	♦Jolla Mines NL	1	.....	–	–	–
175	69	♦Kidston Gld Mn 20cts	79	+3	Q38c	♦	23.0
136	40	♦Meekatharra 25c	58	−2	–	–	–
125	9	♦Metana Minerals N.L.	11	.....	–	–	–
119	56	♦MIM Hldgs 50c	64	+1	‡Q10c	2.0	‡
36½	2	♦Mologo Australia 50c	3	.....	–	–	–
6	1	♦Mount Burgess 20c	1½	.....	–	–	–
129	38	♦Normandy Res NL	48	+3	–	–	–
145	69	♦Nth Bkn Hill Peko 50c	88	+2	Q11c	6.5	5.8
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

[illegible]

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −
Craig & Rose £1	675	.....
Finlay Pkg. 5p	30	.....
Holt (Jos) 25p	1313	.....
Carrol (P.J.)	154	.....
Helton Hldgs	43	+1
IRG	158	+20
United Drug	158	.....

IRISH

Stock	Price	+ or −
Cap. 8½% Ln. 1992	£99½	.....
9pc Cap Ln. 1996	£97¼	+⅛
Fin. 13% 97/02	£114	.....
Arnotts	160	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	40
Amstrad	6
Astec (BSR)	4½
BAT	46
BOC Grp	28
BTR	25
Barclays	30
Blue Circle	19
Boots	29
Bowaters	43
Brit. Aerospace	45
British Steel	10½
Brit. Telecom	25
Cadburys	28
Charter Cons	38
Comm Union	40
Courtaulds	28
Eurotunnel	35
FKI	5
FNFC	20
Gen Accident	41
GEC	15
Glaxo	68
Grand Met	51
Guardian	17
GKN	27
Hanson	16
Hawker Sidd	35
ICI	70
Ladbroke	22
Legal & Gen	32
Lex Service	17
Lloyds Bank	24
Lucas Inds	11
Marks & Spencer	19
Midland Bk	16
Nat West Bk	21
P & O Dfd	44
Racal Elect	16
RHM	23
Rank Org Ord	52
Reed Intnl	32
STC	19
Sears	7½
SmKl. Beecham A	51
TI	35
TSB	11
Tesco	19
Thorn EMI	55
Trust Houses	23
T&N	13
Unilever	52
Vickers	16
Wellcome	33

Property	
Brit Land	24
Control Secs	3½
Land Securities	45
MEPC	38
Mountleigh	9

Oils	
Aviva Petlm	3
Brit Petroleum	27
Burmah Castrol	46
Conroy Petlm	15
Gaelic Res	1½
Premier	7
Shell	37
Tuskar Res	2
Ultramar	29

Mines	
Lonrho	19
RTZ	48

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AUTHORISED UNIT TRUSTS

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Abbey Unit Tst Mngrs (1000)H						
80 Holdenhurst Rd, Bournemouth 0345 717373						
High Income						
American Income	6	42.36	42.36xd	45.30	+0.39	7.04
Gilts & Fixed Int	6	114.9	114.9	122.0	+0.1	9.43
High Inc Equity	6	128.8	132.4xd	140.8	+1.8	6.04
Worldwide Bond	6	200.2	200.2xd	212.2	+1.2	7.07
Capital Growth						
American Growth	6	171.6	171.6xd	183.5	+2.9	1.05
Asian Pacific	6	109.5	111.7	118.8	+0.6	.17
Assets & Earnings	6	162.8	162.8	174.1	+2.2	3.11
Capital Reserve Acc	0	103.6	103.6	103.7	+0.2	6.88
Capital Reserve Inc	0	87.03	87.03	87.17	+0.16	6.88
Commdty & Energy	6	71.29	71.29xd	76.24	+1.62	1.30
1992 Enterprise	6	60.37	60.37	64.56	+1.14	3.30
Euro Capital Acc	6	87.43	87.43	93.50	+1.28	1.45
Euro Capital Inc	6	83.95	83.95xd	89.78	+1.23	1.45
General	6	163.3	163.3xd	174.6	+2.9	2.86
Japan	6	94.52	94.52	101.0	+1.44	-
Mastertrust	6	83.28	84.68	90.05	+1.93	2.85
UK Growth Acc	6	145.4	145.4	155.5	+1.9	2.83
UK Growth Dist	6	94.01	94.01xd	100.5	+1.09	2.84
US Emerging Cos	6	52.78	52.78	56.44	+0.48	-
Income & Growth	6	293.1	300.0xd	319.1	+10.3	3.21
Ethical	6	45.76	47.10	50.10	+1.92	2.00
International	6	56.74	57.53	61.20	+0.79	.82
Dividend & Growth	6	46.52	47.71xd	50.75	+0.78	5.52
Global Gwth & Sec	6	49.56	49.92xd	53.10	+0.28	1.88
Abtrust Management Ltd (1200)H						
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580						
Amer Inc & Growth	5¼	26.17	26.17	27.81	+0.22	2.87
Cash	-	51.22	51.22	51.22	+0.01	13.40
European	5¼	68.99	68.99xd	73.14	+0.60	0.00
European Income	5¼	72.13	72.34xd	76.52	+0.83	1.60
Exempt	1	727.2	727.2xd	751.5	+10.9	3.09
Exempt Income	3½	168.9	168.9xd	179.4	+2.6	4.72
Exempt American	3½	311.4	311.4	324.7	+2.8	1.76
Exempt Pacific	3½	205.2	205.2	214.6	+0.9	1.81
Extra Income	5¼	39.20	39.20	41.84	+0.66	5.93
Far East Emrg Ecns	5¼	45.32	45.32	48.65	-0.01	1.31
Fund Inv Tst	5	107.0	107.0	114.2	+0.90	1.50
Fund Inv Tst Acc	5	170.4	170.4	181.8	+1.5	1.50
Gilt & Fixed Int	5¼	16.34	16.57	17.69	+0.05	11.34
Japan	5¼	152.7	152.7	161.9	+1.9	0.00
Pacific	5¼	32.74	32.74	35.07	+0.24	0.44

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Britannia Life Unit Managers Ltd (1200)F						
190 West George St, Glasgow G2 2PA 041-332 3132						
Balanced Growth	6	70.46	70.46	75.35	+1.18	3.15
Do (Accum)	6	74.12	74.12	79.27	+1.24	3.15
Service Cos	6	56.56	56.56	60.49	+0.71	2.65
Do (Accum)	6	58.88	58.88	62.97	+0.74	2.65
Income Growth	6	44.03	44.03	47.09	+0.63	5.36
Do (Accum)	6	60.06	60.06	64.23	+0.86	5.36
Higher Yield	6	31.57	31.57	33.76	+0.37	5.12
Do (Accum)	6	39.05	39.05	41.76	+0.46	5.12
American Gth Inc	6	26.15	26.15xd	27.97	+0.19	2.11
Do (Accum)	6	26.65	26.65	28.50	+0.19	2.11
European Growth	6	25.15	25.29xd	27.04	+0.36	1.43
Do (Accum)	6	25.62	25.77	27.56	+0.37	1.43
Global Bond Inc	6	22.19	22.19	23.74	-0.18	6.69
Do (Accum)	6	24.96	24.96	26.70	-0.18	6.69
Managed P'folio Inc		-	-	-		-
(Do Accum)		-	-	-		-
Brown Shipley & Co Ltd (1000)F						
9-17 Perrymount Rd Haywards Hth 0444 412262/3/4/5						
Mngd P'folio Inc	6	76.94	77.71xd	82.76	+0.99	3.15
Mngd P'folio Acc	6	139.8	141.2	150.4	+1.90	-
UK General	6	111.7	111.7	119.0	+0.99	4.55
Conv & General	6	17.93	17.93	19.10	+0.10	9.19
European Inc	6	19.80	19.80	21.35	+0.17	0.55
European Acc	6	20.24	20.24	21.82	+0.18	-
Exempt	3	271.5	271.5	287.3	+4.20	4.56
Financial	6	112.0	112.0xd	119.3	+2.20	5.65
German	6	35.01	35.01	37.51	+0.38	0.11
High Income	6	65.70	65.70	69.97	+0.29	7.30
Income	6	90.96	93.71	100.7	+2.75	5.59
Intl Income	6	79.92	79.92	85.11	+1.25	4.53
Intl Growth	6	25.11	25.11	26.74	+0.13	0.26
Monthly Income	6	53.64	55.37	58.97	+0.86	4.77
North American	6	61.30	61.70	65.90	+1.57	0.33
Orient	6	96.88	96.88	103.2	+0.30	-
PEP	5	54.28	54.28	58.35	+0.58	5.00
Recovery	6	32.48	32.89	35.20	+1.34	2.74
Smaller Cos Acc	6	169.0	169.0	180.0	+1.40	-
Smaller Cos Inc	6	102.1	102.1	108.7	+0.80	2.73
Brycourt Unit Tst Mgmt Ltd (1400)F						
Hesketh Hse, Portman Sq, W1H 0JR 071-935 6382						
Income Growth	1	179.0	179.0	185.8	.....	6.35
Buckmaster Mangmt Co Ltd (1200)H						
15 St Botolph Street, London EC3A 7JJ 071-247 4542						
Fellowship Tst ♥	5¼	51.28	52.43	55.78	+0.51	3.29
(Accum Units) ♥	5¼	54.47	55.69	59.25	+0.54	3.29
Income	5¼	158.7	159.0	169.1	+3.6	4.78
(Accum Units)	5¼	323.1	329.9	351.0	+7.6	4.78
Smaller Co's	5¼	83.47	86.47	91.99	+4.39	3.74
(Accum Units)	5¼	95.04	98.41	104.7	+4.95	3.74
Inv Portfolio ♥	3	49.67	49.67	51.41	+0.76	3.35
(Accum Units) ♥	3	53.63	53.63	55.51	+0.82	3.35
High Income Port ♥	3	45.01	45.01	46.58	+0.81	5.60

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Marlborough Fund Managers Ltd (1630)H						
57 Victoria Square, Bolton, BL1 1LA 0204 364942						
Managed Tst	5	47.02	47.41	50.43	+0.16	5.27
Martin Currie Unit Trusts Ltd (0905)H						
48 Melville St, Edinburgh EH3 7HF Dlng 031-220 4924						
Far East (Pacific)	5¼	90.82	92.12	97.79	+0.94	0.43
Income & Growth	5¼	57.89	58.94xd	62.56	+1.13	5.22
European (z)	5¼	53.33	53.86xd	57.17	+0.71	1.25
Nth American (z)	5¼	32.74	33.35	35.40	+0.97	1.48
Intl Growth	5¼	56.90	57.94	61.50	+0.16	0.82
UK Growth	5¼	51.25	52.51	55.74	+1.33	2.57
Intl Income	5¼	45.16	45.62	48.42	+0.19	6.17
High Yield	5¼	44.38	45.05	47.82	+0.83	7.39
Charities	5¼	87.94	89.19xd	94.68	+1.19	5.91
Japan	5¼	37.69	38.01	40.34	+0.85	-
Matheson Unit Trust Managers Ltd (1200)H						
Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex						
Enquiries: 0277 227300 Dealing: 0277 261010						
UK Growth (4-1)	6	64.99	66.39	71.00	+2.49	3.48
UK High Income	6	33.44	33.82	36.17	+0.83	5.58

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Admin: 5 Rayleigh Road, Hutton, Brentwood, Essex						
Enquiries 0277 227300 Dealing 0277 261010						
Avon Equity	6	87.37	88.82xd	94.49	+1.62	3.92
NM Unit Trust Mngrs (1200)H						
The Bilton Centre, North Harbour, Portsmouth						
Enquiries: 0705 372222 Dealing: 0705 387730						
American ♥	5¼	28.76	28.89	30.81	.....	1.66
(Accum Units) ♥	5¼	30.78	30.91	32.97	.....	1.66
Australian ♥	5¼	150.50	151.80xd	162.80	.....	3.37
(Accum Units) ♥	5¼	169.50	170.90	183.30	.....	3.37
Conscience	5¼	47.87	48.74	52.01	.....	1.50
(Accum Units)	5¼	50.20	51.12	54.55	.....	1.50
European	5¼	136.70	138.30	147.50	.....	1.06
(Accum Units)	5¼	144.30	146.00	155.70	.....	1.06
Extra Income	5¼	63.49	63.49	67.75	.....	9.02
(Accum Units)	5¼	85.53	85.53	91.28	.....	9.02
Far East Gth Acc ♥	5¼	104.30	104.30	111.40	.....	0.28
Gilt & F I	5¼	51.25	51.25xd	54.25	.....	9.24
(Accum Units)	5¼	107.90	107.90	114.10	.....	9.24

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♠) - 1401 to 1700 hours; (♦) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 - 379 - 0444.

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FT MANAGED FUNDS SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2128

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
TSB Unit Trusts (1200)H						
Charlton Pl, Andover, Hants. SP10 1RE 0264 346794						
TSB American	6	119.0	119.78	127.42	+1.27	0.51
Do Accum	6	130.08	130.94	139.29	+1.4	0.51
TSB Brit Growth	6	70.17	71.28	75.82	+1.08	3.63
Do Accum	6	77.58	78.81	83.83	+2.08	3.63
TSB European	6	71.31	71.75xd	76.32	+0.5	1.08
Do Accum	6	73.9	74.35xd	79.09	+0.52	1.08
TSB Extra Income	6	154.41	157.84xd	167.91	+4.16	5.28
Do Accum	6	222.69	227.63xd	242.15	+4.99	5.28
TSB Smaller Cos	6	40.41	41.98xd	44.65	+0.53	2.93
Do Accum	6	42.76	44.42xd	47.25	+0.56	2.93
TSB General	6	214.99	218.37xd	232.3	+6.39	3.78
Do Accum	6	401.14	407.46xd	433.44	+11.93	3.78
TSB Premier Income	5	43.4	44.03xd	45.86	+0.12	8.63
Do Accum	5	77.67	78.8xd	82.08	+0.22	8.63
TSB Income	6	289.71	294.9	313.72	+5.96	5.29
Do Accum	6	538.58	548.23	583.22	+11.09	5.29
TSB Pacific	6	210.05	213.46	227.08	+1.53	0.37
Do Accum	6	218.56	222.11	236.28	+1.6	0.37
TSB International	6	366.65	369.95	393.56	+6.85	0.83
Do Accum	6	470.34	474.54	504.82	+8.78	0.83
TSB Nat. Resources	6	57.1	58.16	61.87	+1.1	1.19
Do Accum	6	61.95	63.1	67.12	+1.2	1.19
TSB Sicu Opps	6	75.92	77.57	82.52	+2.11	3.4
Do Accum	6	90.61	92.59	98.49	+2.52	3.4
Environmental Inv	6	44.26	45.05xd	47.92	+0.58	2.39
Do Accum	6	45.66	46.48xd	49.44	+0.59	2.39
TSB Selector	6	46.21	47.07	50.07	+0.86	4.05
Do Accum	6	47.62	48.5	51.59	+0.88	4.05
TSB High Income	6	49.59	50.48	53.7	+0.89	5.87
Do Accum	6	50.91	51.82	55.12	+0.9	5.87
TSB Intl Income	6	49.35	49.66	52.82	+0.19	6.72
Do Accum	6	49.35	49.66	52.82	+0.19	6.72
TSB Selector Income	6	48.98	49.62	52.78	+0.63	6.25
Do Accum	6	48.98	49.62	52.78	+0.63	6.25
Target Trust Mngrs Ltd (1600)F						
Target Hse, Gatehouse Rd, Aylesbury, Bucks.						
Admin: 0296 394000 Dealing: 0296 312156						
American Eagle	5	68.85	68.85	73.34	+0.81	1.16
Australia	5	5.474	5.474xd	5.863	[illegible]	[illegible]

Templeton Unit Trust Managers Ltd (1200)F

Thornhill Unit Trust Managers Ltd (1200)F

Thornton Unit Managers Ltd (1000)F

Three Counties Asset Mngmt Ltd (1430)F

Timberlake Trust Mgt Ltd (0900)F

Touche Remnant Unit Tst Mngt Ltd (1600)H

Trades Union Unit Tst Mngrs Ltd (1200)H

Triton Fd Mngrs. Ltd. (1000)H

United Charities Unit Trusts (1000)H

Wardley Unit Tst Mngrs Ltd (1300)F

Waverley Unit Tst Mngmt Ltd (1000)F

Wessex Asset Management (1330)F

Whittingdale Unit Tst Mngt Ltd

Willbro Financial Services Ltd (0905)F

Woolwich Unit Trust Managers Ltd (1700)H

Wright Seligman Fund Mngrs Ltd (1700)F

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd

James Capel Fund Managers Ltd

Cent. Bd. of Fin. of Church of England

Charities/Charishares (1000)F

CAFINVEST-Charities Aid Foundation

CBIF-Charities Official Inv Fdtn

Edinburgh Fund Mngrs PLC

Fidelity Investment Services Ltd

Robert Fleming Asset Mngmt Ltd

Funds in Court

Henderson Unit Trust Management Ltd

INVESCO MIM Management Ltd

Lazard Brothers & Co. Ltd

Lazard Investors Ltd

Local Authorities Mutual Invest. Tst.

M & G Securities Ltd

Morgan Grenfell Unit Trust Managers Ltd

Murray Johnstone UT Mngmt

Phillips & Drew Fund Management Ltd

NM Rothschild Asset Management

J. Rothschild Fund Managers Ltd

Stewart Ivory & Co Ltd

Thornton Unit Managers Ltd

Touche Remnant Unit Tst Mngt Ltd

INSURANCES

AA Friendly Society

Abbey Life Assurance Co Ltd

Acorn Life Assurance Ltd

AEtna Life Insurance Co Ltd

Albany Life Assurance Co Ltd

Allied Dunbar Assurance Plc

Ambassador Life Assce. Co Ltd

American Life Insurance Co UK

Avon Insurance Plc

Barclays Life Assur. Co Ltd

Black Horse Life Ass. Co Ltd

Britannia Life Ltd

CCL Assurance Ltd

Canada Life Group

Cannon Assurance Ltd

Century Life Plc

Citibank Life

City of Westminster Assurance

Clerical Medical/Fidelity Investments

Clerical Medical Investments Group

Clerical Medical Managed Funds Ltd

Colonial Mutual Group

Combined Life Assurance Co

Commercial Union Group

Cornhill Insurance PLC

Crown Financial Management Ltd

Crusader Insurance Plc

Eagle Star Life Assurance Co Ltd

Eagle Star Insur./Midland Assur.

Economic Insurance Company Ltd

Equitable Life Assurance Society

Equity & Law

Family Assurance Society

Friends Provident

GT Unit Managers Ltd

General Accident

General Portfolio Life Insce Plc

Assicurazioni GENERALI SpA

Gresham Unit Assurance Ltd

Growth & Sec. Life Assce. Soc. Ltd

Guardian Royal Exchange

Hearts of Oak Insurance Group

Henderson Administration

Homeowners Friendly Society

Ideal Insurance Co Ltd

Interlife Assurance Co Ltd

Irish Life Assurance Co Plc

Lancashire & Yorkshire Assce Society

Laurentian Life plc

Legal & General (Unit Assur) Ltd

Legal & General (Unit Pensions) Ltd

Liberty Life Assurance Co Ltd

The Life Association of Scotland

Lifetime Assurance Co Ltd

London Indemnity & Gnl. Ins. Co Ltd

London Life

London & Manchester Group

M & G Life and M & G Pensions

MGM Assurance

Manchester Unity Assurance

ManuLife Group PLC

Marchant Investors Assurance Co Ltd

Mercury Life Assurance Co Ltd

Midland Life Limited

NEL Britannia Assce Co Ltd

NEL Pensions Ltd

NM Life Assurance Ltd

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N & P Life Assurance Ltd
6-7 Bedford Row, London WC1R 4UJ 071-430 2348

	Bid Price	Offer Price	+ or -	Yield Gross
Life Managed Fd	99.8	105.1	+1.2	-
Pension Managed Fd.	95.5	100.6	+1.3	-
Life Deposit Fd	104.8	110.4	+0.1	-
Pension Deposit Fd.	109.0	114.7	....	-

National Financial Management Corp PLC
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Managed Cautionary	104.2	113.9	....	-
Managed Growth	127.4	139.3	....	-
Managed Opportunity	123.4	135.7	....	-
NFMC Target Financial	94.9	102.1	....	-
Pension Funds				
Managed Cautionary	112.4	122.9	....	-
Managed Growth	133.2	146.4	....	-
Managed Opportunity	125.9	137.6	....	-
NFMC Target Mngd Pen	1407.1	1529.5	....	-

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or -	Yield Gross
Harvester Pension Funds				
Managed	151.6	159.6	....	-
UK Equity	158.2	166.6	....	-
Overseas Equity	124.2	130.8	....	-
Fixed Interest	142.5	150.1	....	-
Property	130.1	137.0	....	-
Index Linked	144.3	151.9	....	-
Deposit	151.3	159.3	....	-
With Profits (B)	126.5	133.2	....	-

National Provident Institution
48 Gracechurch St, London EC3P 3HH 071-623 4200

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	332.9	350.5	+3.9	-
UK Equity	421.8	444.1	+8.0	-
Overseas Eq	318.7	335.5	+1.8	-
Americas	247.7	260.8	+2.2	-
Far East	336.4	354.2	+3.1	-
Property	193.4	203.6	-0.6	-
Fixed Int.	254.3	267.7	+0.3	-
Indexed Gilt	150.5	158.5	+0.2	-
Deposit	177.3	186.7	+0.1	-
Pension Fund (Accum Units)				
Managed	466.9	491.5	+5.5	-
UK Equity	547.8	576.7	+10.2	-
Overseas Eq	528.5	556.4	+4.1	-
Americas	325.5	342.7	+2.1	-
Far East	569.1	599.1	+4.0	-
Property	242.4	255.2	-0.5	-
Fixed Int.	311.8	328.3	+0.3	-
Indexed Gilt	165.9	174.7	+0.2	-
Deposit	246.3	259.3	+0.1	-
NPI Pensions Management Ltd				
Managed Fund	948.4	963.3	....	-

Prices Feb 1 Next dealing Mar 1

Norwich Union Asset Management Ltd
PO Box 140, Norwich NR3 1PP 0603 686787

	Bid Price	Offer Price	+ or -	Yield Gross
NUAM Funds				
Managed Fund	68.3	71.9	+0.6	-
Stock Market Mngd Fund	65.9	69.4	+0.9	-
Equity Fund	74.7	78.7	+1.3	-
International Fund	58.0	61.1	+0.7	-
European Fund	63.8	67.1	+0.5	-
North American Fund	62.0	65.3	+0.6	-
Pacific Fund	62.1	65.3	+0.3	-
Property Fund	83.9	88.3	-2.1	-
Fixed Interest Fund	57.7	60.8	-0.1	-
Index linked Sec Fund	61.0	64.2	+0.2	-
Deposit Fund	68.0	71.6	....	-
NUAM Retirement Plans				
Mixed Fund	74.3	78.2	+1.0	-

Prosperity Life Assurance Ltd
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 690555

	Bid Price	Offer Price	+ or -	Yield Gross
Initial Equity	148.5	157.0	+2.0	-
Accum Equity	210.0	222.0	+2.5	-
Accum Managed	217.0	229.0	+1.0	-
Accum Five Star	160.0	169.0	+1.0	-
Accum World	116.0	122.5	+1.5	-
Accum Lifetime	108.1	108.1	+4.0	-
Pens Acc Equity	226.0	238.5	+4.0	-
Pens Acc Managed	267.5	282.0	+2.5	-
Pens Acc Intl.	192.5	203.5	....	-
Pens Acc Deposit	192.5	203.0	....	-
Pens Acc Five Star	172.5	182.5	+1.5	-

Providence Capital Life Assc. Co Ltd
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity Acc	216.8	228.7	+5.7	-
UK Fixed Int Acc	168.3	177.6	-0.1	-
Intl Equities Acc	163.8	172.8	+0.9	-
UK Managed Acc	166.9	176.0	+2.6	-
Property Acc	225.3	237.7	-0.1	-
Money Acc	126.2	133.2	+0.1	-
Special Market Acc	126.8	133.8	+1.0	-
Japan Equity Acc	101.0	106.6	+1.3	-
North American Acc	94.5	99.7	+1.0	-
Pacific Acc	84.9	89.6	+0.5	-
Technology Acc	104.0	109.8	+0.7	-
Nat Resources Acc	49.4	52.2	+1.7	-
European Acc	96.9	102.3	+0.9	-
Residential Prop Acc	95.7	101.0	....	-
Swiss Equities Acc	33.8	35.7	+0.4	-
Hong Kong Acc	54.5	57.5	+0.5	-
UK High Inc Eq Acc	71.9	75.9	+1.7	-
Int Fixed Interest Acc	54.8	57.9	+0.1	-
Int Managed Acc	53.6	56.5	+0.2	-
HIP Managed Acc	106.9	112.7	+1.0	-
HIP Managed II Acc	94.3	99.4	+0.9	-
HIP Managed III Acc	-	-	....	-
Total Investment Bond				
UK Equity Initial		148.0	+3.7	-
UK Fixed Int Initial		115.2	....	-
Intl Equities Initial		111.2	+0.6	-
UK Managed Initial		114.2	+1.7	-
Property Initial		155.2	-0.1	-
Money Initial		86.8	+0.1	-
Special Market Initial		98.9	+0.7	-
Japan Equity Initial		78.8	+1.0	-
North American Initial		73.6	+0.7	-
Pacific Initial		66.2	+0.4	-
Technology Initial		81.1	+0.5	-
Nat. Resources Initial		38.5	+1.2	-
European Initial		87.3	+0.8	-
Residential Prop Init.		91.9	....	-
Swiss Equities Initial		32.5	+0.4	-
Hong Kong Initial		52.3	+0.5	-
UK High Inc Eq Init.		69.1	+1.7	-
Int Fixed Interest Init.		53.3	+0.1	-
Int Managed Init.		52.2	+0.2	-
HIP Managed Init.		104.3	+0.9	-
HIP Managed II Initial		93.3	+0.9	-
HIP Managed III Init.		-	....	-
Broker Funds				
High Performance	67.0	70.6	....	-
Towerhill Mngd Fd Acc.	48.4	51.0	+1.2	-
YRA Executive Fd.	87.5	92.2	+0.6	-
£ Global Growth Acc.	120.2	126.7	+0.6	-
£ High Income Money Acc.	136.8	144.3	+0.2	-
IM Balanced		51.0	+0.3	-
N.F. Speculator Fd.		118.2	-2.0	-
PEP Acorn II		108.1	+0.1	-
PEP Cautionary		68.4	....	-
AAFS Int Man Fund		117.6	+0.9	-
Andrews-Green Inv Port.		79.6	-0.1	-
Individual Pension Funds				
UK Equity Acc.	238.1	251.2	+6.2	-
UK Fixed Interest Acc.	211.6	223.3	-0.1	-
Intl Equities Acc.	211.4	223.1	+1.1	-
UK Managed Acc.	182.0	191.9	+3.0	-
Property Acc.	200.9	212.0	-0.1	-
Money Acc.	156.7	165.4	....	-
Special Market Acc.	199.6	210.6	+1.6	-
Japan Equity Acc.	160.3	169.1	+2.2	-

Royal Heritage Life Assurance Ltd—Contd.

Chase de Vere PLC
63 Lincoln's Inn Fields, London WC2A 3JX 071-404 5766

	Bid Price	Offer Price	+ or -	Yield Gross
New Trust Fd	99.3	104.5	....	-
Safeguard Fd	94.6	99.6	....	-
United Kingdom Fd.	144.0	151.3	....	-
Worldwide Fd.	106.7	112.3	....	-

ECU Futures Plc

Edinburgh Money Management Ltd
41a Charlotte Square, Edinburgh EH2 4HQ 031 220 1244

Fairmount Glen Reils Ltd
0892 515051

Hambros Fd Mgrs (CI) Ltd
PO Box 255, Guernsey 0481 715454

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

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Nikko Capital Mngt (Europe) Ltd

Sarasin Funds Mngmt (Guernsey) Ltd

Samil International (Guernsey) Ltd

Schroder Investment Mngmt (Guernsey) Ltd

Stonehage Fund Mngrs Ltd

U.S. Treasury Securities Fund Ltd

Yamaichi Capital Mangmt (Guernsey) Ltd

IRELAND (SIB RECOGNISED)

GAM Fund Management Ltd (u)

MI Global Asset Mngmt Co Ltd "MI Trusts"

IRELAND (REGULATED)(**)

Bank of Ireland Unit Managers Ltd

Baring International Fd Mngrs (Ireland) Ltd

ISLE OF MAN (SIB RECOGNISED)

Allied Dunbar Intl Fund Mgrs (1600)F

Asset Global Funds Ltd

CMI Fund Managers (IoM)

Equity & Law Intl Fund Mngrs Ltd

Gartmore Fund Managers (IoM)

Mercury Fund Managers IoM Ltd

Refuge Overseas (1200)

Sun Life Management (IoM) Ltd

Unibank Scandinavian Fund Ltd

ISLE OF MAN (REGULATED)(**)

CAL Investments (IoM) Ltd

Duncan Lawrie Inv. Mgt. Ltd

Equity & Law International Fund Mgs Ltd

Gartmore Fund Managers (IoM)

John Govett Management (IoM) Ltd

IBI Global Funds Limited

Target International (Isle of Man) Ltd

JERSEY (SIB RECOGNISED)

AIB Fund Managers (CI) Ltd

Barclays International Funds

Brown Shipley Fund Mgmt (CI) Ltd

Capital House Fund Mgrs (CI) Ltd (0900)H

Gartmore Fund Managers International Ltd

John Govett (Channel Islands) Ltd (1000)F

Hill Samuel Fund Mgrs (Jsy) Ltd (1000)F

INVESCO MIM International (Jersey) Ltd

Lloyds Bank (CI) U/T Mgrs.

Midland Bank Fund Managers (Jersey) Ltd

Royal Trust Jsy Fd Mngt Ltd (1400)F

TSB Trust Funds (CI)

JERSEY (REGULATED)(**)

Barclays Intl Funds

Brown Shipley Fund Mgmt (CI) Ltd

Cater Allen Investment Management (CI)

Citibank (CI) Ltd "Citifunds"

EBC Trust Company (Jersey) Ltd

Equitilink International Mngt Ltd

Fidelity Investment (CI) Ltd

Fleming Group

Foreign & Colonial Mngmt (Jersey) Ltd

John Govett Management (Jersey) Ltd

INVESCO MIM International Limited

Management International (Jersey) Ltd

Midland Bank Fund Managers (Jersey) Ltd

Minerals, Oils Res. Shrs. Fd. Inc.

Morgan Grenfell Funds Mgmt (Jersey) Ltd

Murray Johnstone (Jersey) Ltd

Nat. Westminster Jersey Fd. Mgrs. Ltd

Northgate Unit Tst. Mngr. (Jersey) Ltd

Perpetual UT Mngrs (Jersey) Ltd

The Portugal Fund Limited

Prudential Intl Financial Services Ltd

Royal Trust Intl Fd Mngt Ltd

Schroder Mngt Services (Jersey) Ltd

Scimitar Worldwide Money Fund Ltd

Scimitar Worldwide Selection Fd Ltd

Target International Management (Jersey) Ltd

TSB Trust Funds (CI)

Tyndall International (Jersey) Ltd

Warburg Asset Management Jersey Ltd

Wardley Fund Managers (Jersey) Ltd

Worldinvest (Managers) Jersey Ltd

LUXEMBOURG (SIB RECOGNISED)

Abbey Global Investment Fund (u)

AEtna Federated Intl Mngrs (Lux) SA (u)

Barclays Intl Funds (Luxembourg) (1400)

CMI Asset Management (Luxembourg) SA (u)

Commercial Union Luxembourg SA (u)

Cresvale Asset Advisors (Lux) SA (u)

Dresdenbank Asset Mngmt SA (u)

EquiFund-Wright National Eqty Fd (u)

Fidelity Funds (u)

Fleming Group (u)

Gartmore Luxembourg SA (u)

Henderson Management SA (u)

Hill Samuel Inv Services Intl SA (u)

Hypo Foreign & Colonial Port Fd Sicav (u)

INVESCO MIM International Limited (u)

Ivory & Sime (Luxembourg) SA (u)

Lloyds Bank Luxembourg

Midland International Circuit Fund SICAV (u)

Morgan Grenfell UT Mgrs/Deutsche Bank

Samsonite Group (Luxembourg)

Schroder Investment Selection Fd (u)

Sun Life Global Management Ltd (u)

Touche Remnant (Luxembourg) (u)

Tyndall Global Fund SICAV

S.G. Warburg Asset Mngmt Lux SA (u)

Wardley Investment Services Intl (u)

LUXEMBOURG (REGULATED)(**)

Alliance Capital

Banque Ferrier Lullin (Lux) SA

Banque Paribas Luxembourg

CS Fund Management (Lux) SA

Citi Investment Serial Funds

Credit Commercial de France

Cortexa International (u)

Credit Suisse

Daiwa Japan Small Equity Fd (u)

Dean Witter World Wide Invest. Tst SA

The Dragon Fund Sicav

Dresdnerbank Asset Management SA (u)

Equitable Sante Investment Mngt (SICAV)

Europe Plus Investissement (SICAV) (u)

Fidelity Intl Inv Mngt (Luxembourg) SA

Fidelity Investments

Fleming Group

Frankfurt Trust

Gartmore Investment Luxembourg

Gota Global Selection

Integral International Fund

International Bond Trust

International Specialty Fund (u)

Investments Atlantiques SICAV

JC Global Fund-SICAV

Latin American Management Co Ltd

Leveraged Intl Fds-Global P'folio FCP

Lloyds Bank Luxembourg

Mediterranean Fund (SICAV)

Merrill Lynch Asset Management

Morgan Stanley Sicav

Murray Universal, Sicav

Nikko Luxembourg S.A.

Nomura Asia Europe Fund

Nomura Asian Infrastructure Fd SICAV

Nomura Dragon Global Fund

Nomura Prudential Fd Pl II

Nomura Prudential Global Portfolio

Nomura Rosenberg Alpha Fund Mark II

Rosenberg Management Co SA

Rosenberg US Japan Mngmt Co SA

Sumitomo Pacific Funds

Templeton Worldwide Investments

Tokai Brand Fund Intl-SICAV

Transworld Bond Trust

US Pacific Stock Fund

Unibank SA, Frontrenne I (u)

Unico Financial Services SA Lux

Viking Fund-SICAV

"WINTERTHUR" Fund Mngmt Co (Lux) SA

World Bond Fund-SICAV

World Capital Fund

Yamaichi Advanced Technology Fd

Yamaichi 1992 ONE Fund SICAV

SWITZERLAND (SIB RECOGNISED)

B.I.A. Bond Investments AG

OTHER OFFSHORE FUNDS

ATSP Management Ltd

Abtrust Fund Managers (Gsy) Ltd

Asia Investment

Asian Malaysian Growth Fd (Cayman) Ltd

Alliance Capital

Arral Associates Ltd

Asian Opportunities & Income Fd (Cayman)

Austro-Hungary Fund Ltd

Julius Baer Bank & Trust Co Ltd

Baring International Group

Baring Investment Partners Ltd

The Batavia Fund Ltd

Bermuda Intl Invest Mgmt Ltd

Border Funds Ltd

Bridge Management Ltd

Capital International

Citizens Investment Trust Mgt Co Ltd

Centrade ITEC Fund

Commonwealth Investments Ltd

Credit Lyonnais Intl Asset Mgmt (HK) Ltd

DWS Deutsche Ges. F. Wertpapiere

Daiwa APT Japan Fund

Daiwa Intl Capital Management (H.K.) Ltd

Daiwa Japan Equity Warrant Fund

Den norske Bank

Dollar Investment Trust Co Ltd

Elders (Switzerland) Invest. Mngt. SA

Emerging Markets Management Ltd

Enskilda & Dafesh Investment Trust

Ermitage Ltd

Euromobiliare Finance

Fidelity International Ltd

Fidelity Japan OTC Regional Mkts Fd Ltd

First Mexico Income Fund

Five Arrows Chile Fund Ltd

Formosa Fund

Free World Fund

The French Prestige Fund

GT Chile Growth Fund Ltd

GT Investment Management Co SA

GT Management Plc

GW Investment Mngmt Ltd

Gaia Currency Funds

Gartmore Investment Ltd

Genesis Fund Managers Ltd

Global Asset Management Corp

Global Government Plus Fund

John Govett Mngmt (IoM) Ltd

Granville Management Limited

Green Cap Limited

Jardine Fleming Unit Trusts Ltd

Kedrel Management Ltd

Korea International Trust Co Ltd

Lehman Brothers Sparks Growth Fund

Lloyds Bank (CI) U/T Mgrs

Lloyds Bank Geneva Switzerland

London & Bishopsgate International MV

London Portfolio Services plc

McDonnell & Co Ltd

Magnum Fund Mngmt (Bermuda) Ltd

Malaysia Capital Fund

Mansfield Asia Fund Ltd

Man International Futures

Marlborough Fund

Merrill Lynch Company

Morgan Stanley Japanese Warrant Fund NV

NM Financial Mngt Intl Ltd

The New Zealand Fund

Newport International Management

Nomura Warrant Fund 1990 Ltd

North Star Fund Managers (Cayman) Ltd

Orbitex Bahamas Ltd

Pacific Growth Fund

Petroleum International Advisers Ltd

Quantum Fd NV Curacao

Quilter International Management

Rest Estate Strategies Ltd

Rothschild Asset Management (CI)

Royal Trust North American Bond Fd

Sabre Fund Mngt Ltd

Schroder Japanese Warrant Fund

Schroders Asia Limited

Scimitar Bermuda Funds

Scudder, Stevens & Clark Inc

Shinsei Investment Mgmt (Bermuda) Ltd

Siam Smaller Companies Fund Ltd

Skandifond

Standard Chartered

Sovereign Portfolio Management

Stratford Fund Admin. Ltd

Taipei Fund

The Thai Development Capital Fd

The Thai-Euro Fund Ltd

The Thai Prime Fund Limited

The Thailand Fund

The Thailand Growth Fund

The Thailand Intl Fund Ltd

T. Rowe Price Associates, Inc

Thornton Investment Management Ltd

Tokai Brand Fund

Tokyo Pacific Holdings N.V.

Trans-Way Asset Allocation Funds

Tudor BVI Futures Ltd

UBS Fund Management

Wardley Investment Services Ltd

Wellington Fd Mgrs (Bermuda) Ltd

Xiphias International Management Ltd

MANAGED FUNDS NOTES

Prices are in pence unless otherwise indicated ... [illegible]

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar and pound firm

THE DOLLAR was firm, and sterling improved against several of its partners in the European Monetary System, helped by a successful conclusion to the Gulf war.

An allied victory contributed to the dollar's climb to a high of DM1.5285, but it made no attack on resistance against the D-Mark at DM1.5300. On the other hand the US currency finished in London at a resistance level of Y133.00 in terms of the yen, after touching a peak of Y133.15.

Figures on US personal income and consumption were weaker than expected, but had no impact. The dollar was boosted by a rise in the Chicago area purchasing index, ahead of today's data from the National Association of Purchasing Managers.

At the London close the dollar had improved to DM1.5265 from DM1.5210; to Y133.00 from Y132.25; to FFr5.1950 from FFr5.1750; and to SFr1.3260 from SFr1.3160. Its index rose to 61.5 from 61.3.

Sterling traded steadily, showing no adverse reaction to Wednesday's cut in UK bank base rates. The market is looking for further reductions in rates, possibly around the time of this month's Budget, but the pound is gaining some support from expectations of lower interest rates elsewhere in Europe.

It is hoped that this coupled with falling UK inflation will protect the real level of UK rates and London's interest rate advantage.

Mr David Mellor, chief secretary to the UK Treasury, said that interest rates will not be lowered again until sterling's position in the EMS exchange rate mechanism allows. The pound was slightly above the lowest placed French franc in the ERM yesterday.

Sterling fell 65 points to $1.9105 against the strong dollar, but rose to DM2.9175 from DM2.9150; to Y254.00 from Y253.50; to FFr9.9250 from FFr9.9200; and to SFr2.5325 from SFr2.5225. Its index was unchanged throughout at 93.8.

As expected yields fell at yesterday's tender in Madrid of Spanish Treasury paper. This helped keep the peseta within its allowed limits in the ERM.

The Spanish currency was below its ceiling against the French franc, but the franc lost ground to the D-Mark after Mr Pierre Beregovoy, the French finance minister, said money market indications show a growing leeway for France to reduce rates. The D-Mark rose to FFr3.4044 from FFr3.3986 at the Paris fixing.

At the Milan fixing the Bank of Italy bought Ecu150m to dampen the recent upward trend of the lira. The D-Mark was fixed higher at L747.78 against L747.02 previously.

The D-Mark was firmer against the Japanese yen, after a period of gradual decline. The German currency fell through support at Y87.00 on Wednesday, prompting speculation that it will decline to Y85.00, but at yesterday's London close it had rallied to Y87.10

£ IN NEW YORK

Feb.28	Latest	Previous Close
£ Spot	1.9095-1.9105	1.9175-1.9185
1 month	1.00-0.98pm	1.02-1.00pm
3 months	2.71-2.68pm	2.82-2.79pm
12 months	7.94-7.84pm	8.12-8.02pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Feb.28	Previous
8.30 am	93.8	94.0
9.00 am	93.9	94.0
10.00 am	93.8	94.0
11.00 am	93.8	93.8
Noon	93.8	93.8
1.00 pm	93.8	93.8
2.00 pm	93.8	93.8
3.00 pm	93.8	93.8
4.00 pm	93.8	93.8

CURRENCY MOVEMENTS

Feb 28	Bank of England Index	Morgan** Guaranty Changes %
Sterling	93.8	-18.6
U S Dollar	61.5	-17.8
Canadian Dollar	102.8	+0.9
Austrian Schilling	110.4	+12.3
Belgian Franc	112.4	-1.5
Danish Krone	110.7	+5.0
D-Mark	120.0	+25.8
Swiss Franc	112.3	+21.1
Dutch Guilder	115.3	+16.8
French Franc	104.3	-12.3
Lira	100.6	-18.8
Yen	132.7	+67.4

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Feb.27.

CURRENCY RATES

Feb 28	Bank rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.741379	0.703180
U.S Dollar	6.00	1.41937	1.35011
Canadian $	10.02	1.63440	1.55357
Austrian Sch	7	15.2071	14.4232
Belgian Franc	10.50	44.5540	42.2145
Danish Krone	9½	8.31680	7.87990
D-Mark	6.50	2.16307	2.05014
Dutch Guilder	7.75	2.43976	2.31274
French Franc	10¼	7.35376	6.98208
Italian Lira	12½	1616.02	1532.71
Japanese Yen	6	188.421	178.619
Norway Krone	8	8.45803	8.01693
Spanish Peseta	-	134.775	127.720
Swedish Krona	11	8.01589	7.62878
Swiss Franc	6.00	1.86434	1.77742
Greek Drach	19	N/A	220.540
Irish Punt	-	N/A	0.768810

† European Commission Calculations.
* All SDR rates are for Feb 27

OTHER CURRENCIES

Feb 28	£	$
Argentina	18297.8 - 18403.2	9550.00 - 9560.00
Australia	2.4360 - 2.4380	1.2730 - 1.2740
Brazil	426.500 - 426.750	223.000 - 223.200
Finland	7.0405 - 7.0540	3.6700 - 3.6730
Greece	310.65 - 315.60	161.45 - 164.05
Hong Kong	14.9055 - 14.9190	7.7900 - 7.7920
Iran	124.20	65.10
Korea(Sth)	1377.55 - 1399.75	721.60 - 727.20
Kuwait	N/A	N/A
Luxembourg	59.85 - 59.95	31.30 - 31.40
Malaysia	5.1985 - 5.2075	2.7180 - 2.7200
Mexico	5687.00 - 5715.00	2974.00 - 2984.00
N.Zealand	3.1860 - 3.1910	1.6655 - 1.6680
Saudi Ar	7.1715 - 7.2135	3.7490 - 3.7510
Singapore	3.2985 - 3.3060	1.7240 - 1.7260
S.Af (Cm)	4.8985 - 4.9105	2.5640 - 2.5655
S.Af (Fn)	6.1120 - 6.2115	3.1950 - 3.2470
Taiwan	51.85 - 51.95	27.10 - 27.15
U.A.E.	7.0245 - 7.0650	3.6720 - 3.6740

* Selling rate

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Feb 28	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	127.720	-4.42	5.95	77
Belgian Franc	42.4032	42.2145	-0.45	1.71	29
Italian Lira	1538.24	1532.71	-0.36	1.63	25
D-Mark	2.05586	2.05014	-0.28	1.54	27
Dutch Guilder	2.31643	2.31274	-0.16	1.42	15
Irish Punt	0.767417	0.768810	0.18	1.08	-1
Danish Krone	7.84195	7.87990	0.48	0.77	-15
Sterling	0.696904	0.703180	0.90	0.36	-18
French Franc	6.89509	6.98208	1.26	0.00	-61

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Feb 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.9075 - 1.9255	1.9100 - 1.9110	1.00-0.98cpm	6.22	2.69-2.65pm	5.59
Canada	2.1930 - 2.2170	2.1985 - 2.1995	0.61-0.54cpm	3.14	1.51-1.38pm	2.63
Netherlands	3.2800 - 3.2905	3.2800 - 3.2900	1⅛-1cpm	3.88	2⅞-2⅝pm	3.35
Belgium	59.85 - 60.20	59.85 - 59.95	20-17cpm	3.71	48-41pm	2.97
Denmark	11.1800 - 11.2295	11.2000 - 11.2100	3-2⅝orepm	3.01	6⅝-5⅞pm	2.23
Ireland	1.0900 - 1.1020	1.0935 - 1.0945	0.29-0.20ppm	2.69	0.68-0.47pm	2.10
Germany	2.9125 - 2.9200	2.9150 - 2.9200	1-⅞pfpm	3.86	2½-2¼pm	3.26
Portugal	253.90 - 255.35	254.10 - 255.10	17-39cdis	-1.32	107-149dis	-2.01
Spain	180.95 - 182.60	181.30 - 181.60	21-34cdis	-1.82	64-86dis	-1.65
Italy	2174.35 - 2186.80	2176.50 - 2177.50	2lirepm-par	0.55	2pm-par	0.18
Norway	11.3725 - 11.4240	11.3725 - 11.3825	2⅛-1⅝orepm	1.98	4⅞-4¼pm	1.60
France	9.9135 - 9.9385	9.9200 - 9.9300	3⅛-3cpm	3.70	7⅞-7½pm	3.05
Sweden	10.8125 - 10.8675	10.8125 - 10.8225	1⅛-⅝orepm	1.04	2-1½pm	0.65
Japan	253.50 - 254.70	253.50 - 254.50	1-⅞ypm	4.43	2⅞-2⅝pm	4.33
Austria	20.48 - 20.54	20.51 - 20.54	7¼-6⅛gropm	3.91	18-15¼pm	3.29
Switzerland	2.5345 - 2.5375	2.5275 - 2.5375	1⅛-⅞cpm	4.74	2⅞-2½pm	4.15
Ecu	1.4180 - 1.4205	1.4190 - 1.4200	0.46-0.40cpm	3.64	1.11-1.02pm	3.00

Commercial rates taken towards the end of London trading. Six-month forward dollar 4.79-4.73cpm. 12 Month 7.89-7.79pm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Feb 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.9075 - 1.9255	1.9100 - 1.9110	1.00-0.98cpm	6.22	2.69-2.65pm	5.59
Ireland†	1.7445 - 1.7605	1.7470 - 1.7480	0.60-0.55cpm	3.95	1.80-1.70pm	4.01
Canada	1.1490 - 1.1515	1.1495 - 1.1505	0.26-0.28cdis	-2.82	0.82-0.87dis	-2.94
Netherlands	1.7060 - 1.7210	1.7195 - 1.7205	0.30-0.33cdis	-2.20	0.94-0.99dis	-2.24
Belgium	31.15 - 31.40	31.30 - 31.40	5.00-7.00cdis	-2.30	17.00-21.00dis	-2.42
Denmark	5.8220 - 5.8675	5.8625 - 5.8675	1.42-1.72oredis	-3.21	4.70-5.30dis	-3.41
Germany	1.5125 - 1.5285	1.5260 - 1.5270	0.28-0.30pfdis	-2.28	0.87-0.90dis	-2.32
Portugal	132.65 - 132.80	132.70 - 132.80	80-90cdis	-7.68	250-275dis	-7.91
Spain	94.30 - 95.10	95.00 - 95.10	61-62cdis	-7.76	169-172dis	-7.18
Italy	1132.50 - 1141.00	1139.25 - 1139.75	5.30-5.80liredis	-5.84	15.00-16.00dis	-5.44
Norway	5.9200 - 5.9675	5.9525 - 5.9575	1.85-2.20oredis	-4.08	5.65-6.15dis	-3.96
France	5.1530 - 5.2025	5.1925 - 5.1975	1.00-1.05cdis	-2.37	3.23-3.33dis	-2.53
Sweden	5.6315 - 5.6740	5.6600 - 5.6650	2.30-2.65oredis	-5.25	6.90-7.45dis	-5.07
Japan	131.75 - 133.15	132.95 - 133.05	0.16-0.18ydis	-1.53	0.40-0.44dis	-1.26
Austria	10.652 - 10.7080	10.7030 - 10.7080	1.80-2.20grodis	-2.24	5.80-6.90dis	-2.37
Switzerland	1.3085 - 1.3275	1.3255 - 1.3265	0.16-0.19cdis	-1.58	0.45-0.50dis	-1.43
Ecu	1.3455 - 1.3590	1.3465 - 1.3475	0.30-0.28cpm	2.58	0.94-0.88pm	2.70

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Feb 28	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	13⅜ - 13¼	13⅜ - 13¼	13¼ - 13⅛	12⅞ - 12⅝	12¼ - 12⅛	11⅞ - 11⅝
US Dollar	6⅞ - 6¾	6⅞ - 6¾	7 - 6⅞	6⅞ - 6¾	6⅞ - 6¾	7⅛ - 6⅞
Can. Dollar	9¾ - 9⅝	9¾ - 9½	9¾ - 9½	9⅞ - 9¾	9¾ - 9½	9⅞ - 9¾
Dutch Guilder	9⅛ - 8⅞	9⅛ - 8⅞	9 - 8⅞	9 - 8⅞	9 - 8⅞	9⅛ - 8⅞
Swiss Franc	8½ - 8¼	8½ - 8¼	8⅜ - 8⅛	8⅜ - 8⅛	8⅛ - 8	8 - 7⅞
D-Mark	9⅛ - 9	9⅛ - 9	9⅛ - 9	9⅛ - 9	9⅛ - 9	9⅛ - 9
French Franc	9¾ - 9⅝	9¾ - 9⅝	9⅜ - 9⅞	9⅞ - 9⅝	9½ - 9⅜	9⅞ - 9⅝
Italian Lira	13 - 11	13¼ - 12⅛	12⅝ - 12⅛	12½ - 12	12⅜ - 12	12⅜ - 12⅛
Belgian Franc	9⅝ - 9¼	9⅝ - 9⅜	9⅝ - 9¼	9⅝ - 9¼	9⅝ - 9¼	9½ - 9⅛
Yen	8⅞ - 8⅝	8⅞ - 8⅝	8⅞ - 8⅝	8⅛ - 8⅛	7⅞ - 7⅞	7½ - 7⅜
Danish Krone	10⅞ - 10⅞	10⅞ - 10⅜	10⅞ - 10⅞	10⅞ - 10⅜	10⅞ - 10⅞	10⅜ - 10⅞
Asian $Sing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long term Eurodollars: two years 7⅛-7⅛ per cent; three years 8-7⅞ per cent; four years 8⅛-8 per cent; five years 8½-8⅛ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Feb.28	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.911	2.918	254.0	9.925	2.533	3.285	2177	2.199	59.90
$	0.523	1	1.527	132.9	5.194	1.325	1.719	1139	1.151	31.34
DM	0.343	0.655	1	87.05	3.401	0.868	1.126	746.1	0.754	20.53
YEN	3.937	7.524	11.49	1000.	39.07	9.971	12.93	8571	8.657	235.8
F Fr.	1.008	1.925	2.940	255.9	10.	2.552	3.310	2193	2.216	60.36
S Fr.	0.395	0.754	1.152	100.3	3.918	1	1.297	859.5	0.868	23.65
H Fl.	0.304	0.582	0.888	77.32	3.021	0.771	1	662.7	0.669	18.23
Lira	0.459	0.878	1.340	116.7	4.559	1.164	1.509	1000.	1.010	27.51
C $	0.455	0.869	1.327	115.5	4.513	1.152	1.494	990.0	1	27.24
B Fr.	1.669	3.190	4.871	424.0	16.57	4.229	5.484	3634	3.671	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

[illegible]

FT FOREIGN EXCHANGE RATES

Spot	1-mth	3-mth.	6-mth	12-mth.
1.9105	1.9006	1.8838	1.8630	1.8321

IMM-STERLING $s per £

	Latest	High	Low	Prev.
Mar	1.9124	1.9144	1.9110	1.9112
Jun	1.8866	1.8894	1.8848	1.8854
Sep	-	-	-	1.8650

THREE-MONTH PIBOR FUTURES (MATIF) (Paris interbank offered rate)

	Open	Close	Change	High	Low	Yield	Open int.
March	90.49	90.55	+0.10	90.58	90.46	9.45	18,335
June	90.75	90.83	+0.12	90.84	90.73	9.18	17,506
September	90.90	90.98	+0.12	90.99	90.88	9.01	3,962
December	91.00	91.06	+0.10	91.10	91.00	8.91	2,304

Estimated volume 18,076 Total Open Interest 42,107

CAC-40 FUTURES (MATIF) Stock Index

	Open	Close	Change	High	Low	Open int.
February	1749.0	1756.0	+18.0	1759.0	1743.0	4,240
March	1765.0	1773.0	+18.0	1775.0	1759.0	6,673
April	1773.0	1773.0	+6.0	1773.0	1773.0	4
June	-	-	-	-	-	200

Estimated volume 13,966 Total Open Interest 11,117

BASE LENDING RATES

	%		%		%
ABN Bank	13	Co-operative Bank	13	Nat Bk. of Kuwait	13½
Adam & Company	13½	Coutts & Co	13	NatWestminster	13
Allied Trust Bank	13	Cyprus Popular Bk	13	Northern Bank Ltd	13
AIB Bank	13½	Dunbar Bank PLC	13½	Nykredit Mortgage Bank	13½
● Henry Ansbacher	13½	Duncan Lawrie	13½	Provincial Bank PLC	15
Associates Cap Corp	15½	Equatorial Bank plc	13	Roxburghe Bank Ltd.	14½
B & C Merchant Bank	13	Exeter Bank Limited	13½	Royal Bk of Scotland	13
Bank of Baroda	13	Financial & Gen. Bank	13½	● Smith & Williman Secs.	13
Banco Bilbao Vizcaya	13	First National Bank Plc.	16	Standard Chartered	13
Bank Credit & Comm	13½	● Robert Fleming & Co.	13	TSB	13
Bank of Cyprus	13	Robert Fraser & Ptnrs.	13½	Unibank plc	13
Bank of Ireland	13	Girobank	13	● United Bk of Kuwait	13
Bank of India	13	● Guinness Mahon	13	United Mizrahi Bank	13½
Bank of Scotland	13	● Hambros Bank	13	Unity Trust Bank Plc	13
Banque Belge Ltd	13	Hampshire Trust Plc	14½	Western Trust	13
Barclays Bank	13	Heritable & Gen Inv Bnk.	13	Westpac Bank Corp.	13
Benchmark Bank	13	● Hill Samuel	13	Whiteaway Laidlaw	13
Brit Bk of Mid East	13	C. Hoare & Co.	13	Yorkshire Bank	13
● Brown Shipley	13	Hongkong & Shanghai	13		
CL Bank Nederland	13	● Leopold Joseph & Sons	13		
● Charterhouse Bank	13	Lloyds Bank	13		
Citibank NA	13	Meghraj Bank Ltd	13		
City Merchants Bank	13	McDonnell Douglas Bnk.	13		
Clydesdale Bank	13	Midland Bank	13		
Comm. Bk. of London Plc	13	Mount Banking	13½		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKETS

Madrid rates ease

INTEREST RATES eased in Madrid after yields were cut by up to ½ point at a tender for Spanish Treasury paper. Although overnight interbank was virtually unchanged at 14.57 per cent one-month money fell to 14.45 from 14.525 per cent and 12-month funds declined to 13.95 from 14.15 per cent.

Speculation had increased that Spanish rates would fall, to ease the problems caused by the strong peseta in the European Monetary System, but earlier this week the Bank of Spain declined to reduce its money market intervention rate.

UK clearing bank base lending rate 13 per cent from February 27, 1991

In London yesterday three-month interbank eased to 12¾-12⅝ from 12⅞-12¾ per cent and 12-month money declined to 11¾-11⅝ from 11⅞-11¾ per cent.

Day-to-day credit was in very short supply on the London money market. The Bank of England initially forecast a shortage of £1,950m, but revised this to £1,900m at noon and to £2,050m in the afternoon. Total assistance of £1,945m was provided.

An early round of help was offered and at that time the authorities bought £1,050m bills, including £171m outright, by way of £120m Treasury bills in band 1 at 12⅞ per cent; £42m bank bills in band 1 at 12⅞ per cent; £5m Treasury bills in band 2 at 12¾ per cent; and £4m bank bills in band 2 at 12¾ per cent. Another £879m bills were purchased, for resale to the market, in equal amounts on March 25,26 and 27 at rates of 12⅞ and 12⅞ per cent.

Before lunch a further £222m bills were bought outright, via £2m Treasury bills in band 1 at 12⅞ per cent; £45m bank bills in band 1 at 12⅞ per cent; £1m Treasury bills in band 2 at 12¾ per cent; and £174m bank bills in band 2 at 12¾ per cent.

In the afternoon £633m bills were purchased outright, through £347m bank bills in band 1 at 12⅞ per cent; £7m Treasury bills in band 2 at 12¾ per cent; and £279m bank bills in band 2 at 12¾ per cent. Late assistance of around £40m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £2,058m, with the unwinding of bill repurchase agreements absorbing £336m, a rise in the note circulation £80m and bank balances below target £10m. These outweighed exchequer transactions adding £520m to liquidity.

FT LONDON INTERBANK FIXING

(11.00 a.m. Feb 28) 3 months US dollars		6 months US Dollars	
bid 6⅛	offer 6¾	bid 6⅛	offer 6¾

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

(Lunchtime)

		Treasury Bills and Bonds			
Prime rate	9	One month	6.25	Three year	7.25
Broker loan rate	8½	Two month	6.15	Four year	7.46
Fed funds	6¾	Three month	6.20	Five year	7.63
Fed. funds at intervention	-	Six month	6.31	Seven year	7.86
		One year	6.37	10-year	8.00
		Two year	7.02	30-year	8.17

Feb 28	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.75-9.00	8.85-9.00	8.85-9.00	8.90-9.05	8.90-9.05	9.00
Paris	9⅛-9¼	9¼-9⅜	9¼-9⅜	9⅛-9¼	9⅜-9½	9.25
Zurich	7⅝-7⅞	8-8¼	-	7⅞-8⅛	-	-
Amsterdam	8.87-9.00	8.96-9.05	-	8.96-9.05	-	-
Tokyo	8⅛-8⅜	8⅛-8⅜	-	7⅞-7⅞	-	-
Milan	12⅞-13⅛	13⅛-13⅜	-	13⅛-13½	-	-
Brussels	9.25-9.38	9¼-9⅜	-	9¼-9⅜	-	-
Dublin	11¼-11½	11⅛-11⅜	11⅛-11⅜	11-11⅛	10⅞-11	-

LONDON MONEY RATES

Feb 28	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	18	13⅜	13⅜	12¾	12⅛	11⅞
Interbank Bid	13	13¼	13⅛	12⅝	12⅛	11⅝
Sterling CDs	-	-	13⅛	12⅝	12⅛	11½
Local Authority Deps.	13⅛	13⅛	13⅛	12⅝	12⅛	11⅝
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	15	13	12⅝	12¼	-	-
Company Deposits	-	-	13⅛	12⅞	12⅜	11⅞
Finance House Deposits	-	-	13⅛	13	12½	12
Treasury Bills (Buy)	-	-	12⅝	11⅞	11⅝	-
Bank Bills (Buy)	-	-	12⅞	12	11⅝	-
Fine Trade Bills (Buy)	-	-	13⅞	12⅝	11⅞	-
Dollar CDs	-	-	6.93	6.77	6.77	6.97
SDR Linked Dep. Offer	-	-	8¼	8⅜	8¼	8¼
SDR Linked Dep. Bid	-	-	8⅛	8¼	8⅛	8⅛
ECU Linked Dep. Offer	-	-	9⅜	9⅜	9⅜	9⅜
ECU Linked Dep. Bid	-	-	9⅛	9⅛	9⅛	9⅛

Treasury Bills (sell): one-month 12⅝ per cent; three months 11⅞ per cent; six months 11⅝ per cent; Bank Bills (sell): one-month 12⅞ per cent; three months 11⅞ per cent; Treasury Bills; Average tender rate of discount 12.0616 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day February 28, 1991. Agreed rates for period Mar 26, 1991 to April 22, 1991, Scheme I: 14.21 p.c., Schemes II & III: 14.63 p.c. Reference rate for period Feb 1, 1991 to Feb 28, 1991, Scheme IV&V: 13.357 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 14 from March 1, 1991: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 10½ per cent; one-three months 12 per cent; three-six months 12 per cent; six-nine months 12 per cent; nine-twelve months 11½ per cent; Under £100,000 10½ per cent from Oct 8, 1989. Deposits withdrawn for cash 5 per cent.

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

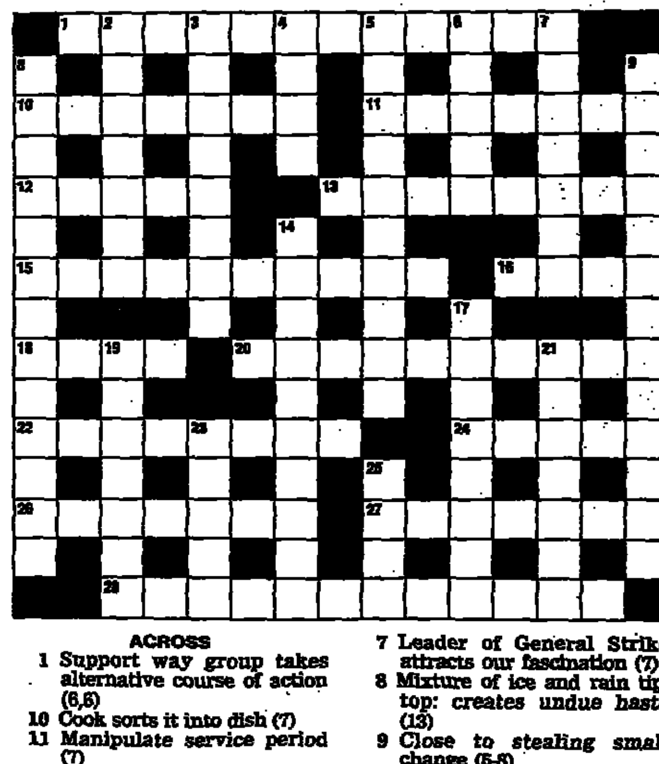
Money Market Bank Accounts

[illegible]

JOTTER PAD

CROSSWORD

No.7,482 Set by HIGHLANDER



ACROSS
1 Support way group takes alternative course of action (6,6)
10 Cook sorts it into dish (7)
11 Manipulate service period (7)
12 The animal to arch back up? (5)
13 Most humour, now funny, will become a disappointment (8)
15 Put flat one on foot (9)
16 Run and dance (4)
18 Shot at sea to keep quiet? Rubbish (4)
20 Fore said to be pleasing to listen to? (4-6)
22 Slow mover goes wrong on French river (8)
24 Cause embarrassment after a party (5)
26 Officer commanding field of battle heard wind instrument (7)
27 Take note – her family is often pickled (7)
28 Mark said originally project would be a disaster (12)

DOWN
2 Had a crack paper editor (7)
3 Bus tour's altered time raises storm (8)
4 Medical man works with no time reduction (4)
5 It's in the way of the world for rate to improve (10)
6 Seed exists: use broadcast (5)
7 Leader of General Strike attracts our fascination (7)
8 Mixture of ice and rain tiptop: creates undue haste (13)
9 Close to stealing small change (5-8)
14 Lawn area for hospitalised environmentalists? (10)
17 Obvious one to play quietly with relative (8)
19 Original text about pelvic bones gives rise to derision (7)
21 Special talent needed by engineers going over exhaust (7)
23 Neglects to include old hands in speech (5)
25 Malaria epidemic has no place to start (4)

Solution to Puzzle No.7,481

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PONDER STRAIGHT
L I X   A F R R
EAGLET EVULGATE
A G R   E A C N
STANCE DRUMHEAD
U R I TEN E D Y
RADISH A C
E S EARLDOM I L
     T I SARNIE
S A S ONE S T F
HOVERING STREET
U E I W   E R H
TONEDEAF TRIVIA
U U L R   E A N
PRETENDS ADDLED
```

هكذا من الاعلى

WORLD STOCK MARKETS

AUSTRIA

February 28	Sch	+ or –
Austrian Airlines	3,020	+70
Creditanstalt	3,300	–30
EA General	4,560	+60
Jungbunzlauer	9,400	+200
Laenderbank	1,300	+26
OeMv	9,190	+50
Perlmooser Zement	1,530	+11
Radex Heraklith	810	–15
Reininghaus Brue	1,919	+9
Steyr Daimler	398	+13
Veitscher Magnesit	755	+8
Verbund (Br) A	539	+1
Wienerberger	5,800	+50

BELGIUM/LUXEMBOURG

February 28	Frs.	+ or –
ACEC–Union Min	2,730	+75
Arbed	3,820	+190
BBL	2,470	....
Bank Intl a Lux	12,525	....
Banq Gen Lux Pts	12,400	....
Barco	1,296	+6
Bekaert	8,060	+110
CBR Ciment	7,550	+200
Cobepa	5,420	+70
Cobepa AFV 1	5,260	....
Cockerill Priv	161	+1
Colruyt	3,010	+15
Delhaize Frs Lion	6,500	+60
Electrabel	4,730	+5
Electrabel AFV	4,700	....
Electrafina	7,150	+450
Fabrique Nat	147	–9
GBL AFV 1	3,550	+90
GIB Group AFV	1,262	+28
GBL	3,700	+50
GIB Group	1,230	+26
Gechem	784	+6
Gechem AFV	780	+30
Generale Banque	5,060	+40
Gen Banque AFV 1	5,150	–50
Gevaert	7,400	+100
Kredietbank	3,975	+80
Kredietbk AFV	3,950	–100
Pan Holding Lux	12,050	....
Petrofina	11,350	+75
Powerfin	2,800	+5
Powerfin AFV	2,740	–5
Royale Belge	4,580	+60
Royale Belge AFV 1	4,490	+110
Soc Gen Belge	2,385	+85
Soc Gen Belge AFV	2,400	+100
Sofina	11,750	+250
Solvay	12,200	+250
Tessenderlo	6,750	+200
Tessenderlo AFV	6,500	....
Tractebel	8,480	+200
Tractebel AFV 1	8,310	+100
UCB	18,300	+325
UCB AFV	17,500	–300
Wagons Lits	7,700	+200
Wagons Lits AFV	7,000	+100

DENMARK

February 28	Kr	+ or –
Baltica Holding Reg	860	....
Carlsberg A	1,550	+10
Danisco	973	+1
Den Danske Bank	325	+6
East Asiatic	187	–1
FLS Ind B	879	+4
Gen Store Nord	835	–5
Hafnia Invest A	780	+80
ISS Intl Serv B	858	–1
Jyske Bank Reg	365	....
Lauritzen (J) B	1,450	+10
NKT A/S	350	–19
Novo Nord B	391	....
Royal C'hagen A	510	–18
Sophus Berend B	1,440	....
Superfos	4,700	....
TopDanmark	1,050	....
Unidanmark A	266	+5

FINLAND

February 28	Mka	+ or –
Amer	61	....
Cultor	53.50	–4.50
Enso R	15	+0.40
Huhtamaki I Free	93	+1
KOP	35	....
Kone	476	+16
Kymmene	68	+4
Metra B Free	73	–1
Nokia Pref Free	59.50	+2.50
Pohjola B Free	90.50	+1.50
Repola (Free)	58.50	+0.50
Stockmann B	110	–5
Tampella Free	30.50	+1.50
UBF C	25.50	+0.50

FRANCE

February 28	Frs.	+ or –
Accor	787	+5
Air Liquide	675	+10
Alcatel Alsthom	593	+16
Arjomari Prioux	2,028	+47
Audi Entrepr	1,112	–8
BIC	696	+1
BSN	792	....
BNP Cert Inv	294	+10
Bancaire Cie	518	+3
Beghin-Say	750	+19
Beghin Say Cert Inv	590	+1
Bongrain	2,561	–19
Bouygues	611	+33

FRANCE (continued)

February 28	Frs.	+ or –
CGIP	1,056	–24
C M B Packaging	123.50	+0.60
Canal+	895	+23
Cap Gemini S	411	+8
Carrefour	3,502	+32
Casino	147.20	+0.20
Cetelem	635	+3
Chargeurs	803	+15
Ciments Fr	1,169	+45
Club Mediterranee	491.80	+6.80
Cogifi	383	+3
Coparex	585	+5
C C F	174	+1
Cr Fonc France	1,097	+2
Cred Lyon (CI)	635	+8
Credit Nationale	1,230	+39
Damart	1,994	+34
Docks de France	3,889	+184
Dollfus Mieg Cie	411	+1.50
EBF	864xr	–6
Eaux Cie Genl	2,487	+7
Ecco	372	–1
Elf–Aquitaine	319.50	+16.50
Elf–Aquitaine Certs	234	+6
Essilor Int	400	+10
Elex	1,835	+55
Eurafrance	1,725	+25
Eurocom	810	+27
Euro Disney	113	+0.40
Euromarche	3,420	+20
Exor	1,385	+5
Finextel	158	–0.50
Fonc Lyonnaise	867	–3
From C et Auv	1,899	....
GTM–Entrepose	421	+18.50
Gaumont (Soc N)	950	....
Gen Occidentale	709	–1
Geophysique	812	+12
Hachette	223	+9.50
Havas	521	+26
Imetal	280	–0.10
Imm de France	1,050	+15
Immobanque	750	+5
Immob Phenix	141.40	....
Industrielle	4,280	+30
Interbail	471	+2
Intertechnique	1,275	+40
LVMH	3,838	+33
Lafarge Coppee	389.80	+4.80
La Henin	550	+9
L'Oreal	529	+9
Legrand	3,750	+24
Locafrance	490	+10
Lyon Eaux Dumez	621	+23
Matra	284.50	+9.50
Merlin–Gerin	540	+12
Michelin B	88.40	+1.10
Midi Cie Du	1,107	+9
Moulinex	104.90	+6.90
Navigation Mixte	1,305	....
Nord Est	143	+5
Nouv Galeries	839	+21
OFP	1,680	+80
Orsan	157	+6
Paribas	490	+2
Paris Reescompte	305	+1
Pechelbronn	1,390	+9
Pernod Ricard	1,170	...
Perrier	1,409	+9
Peugeot	515	+3
Pinault	356	+6
Poliet	492.20	+17.20
Printemps (Au)	644	+1
Promodes	2,118	+48
Radiotechn	353	–3.10
Redoute	3,575	+5
Rhone Poulenc Cts	317	–3
Roussel–Uclaf	1,863	–52
SILIC	625	–1
Sagem	1,565	+45
Saint Gobain	415	+5
Saint Louis	1,346	–20
Sanofi	813	–4
Schneider	732	–5
Seb SA	1,285	+5
Sefimeg	426	+0.40
Simco	549	+4
Skis Rossignol	768	–10
Soc Generale de Fr	430	+15
Sommer–Allibert	1,540	+50
Spie Batignolles	580	+28
Suez (Fin de)	326.50	+2.80
Taittinger	3,690	+60
Thomson C S F	137.80	+8.20
Total Fr Petro B	669	+6
UAP	566	–4
UFB Locabail	273	–2
Unibail	760	+2
Union Immob Fr	590	+4
Valeo	403	+2
Vallourec	315	+18

GERMANY

February 28	Dm.	+ or –
AEG	204.50	–7.50
AG Ind & Verk	767	–7
Aachen Mch (Reg)	740	+15
Allianz AG	2,385	–55
Altana Ind	530	+2
Asko	785	....
Asko Prf	720	+14.50
BASF	229.60	–1.40
Badenwerk	222	+2
Bayer	259.20	–2.80
Bayer–Hypo	350.50	–8.50
BMW (Br)	468	–12
Bayer Vereinsbk	361.50	–8.50
Beiersdorf	727	+17
Berliner Kraft	114	+0.70
BHF Bank	416	–6
Bilfing Berg	837	+18
Brown Boveri	820	+30

GERMANY (continued)

February 28	Dm.	+ or –
Colonia Vers	1,275	+10
Colonia Versich Pf	690	....
Commerzbank	263.50	–5.90
Continental AG	242	–0.50
DLW	612	–2
Daimler–Benz	609	–6.50
Deckel (Fr)	150	....
Degussa	339.50	–1.80
Deutsche Babcock	168.20	–2.80
Deutsche Bank	646.50	–8.50
Didier–Werke	183	+2
Douglas Hldg	715	–12.90
Dragerwerk	277	–3
Dresdner Bk	367	–4.30
Fag Kugelfischer	268	–4
Gerresheimer	365	+10
Goldschmidt (TH)	695	+7
Hamburg Elekt	185	+1
Hapag Lloyd	360	+8
Heidelb Zem	1,020	+24.90
Henkel Prf	521	+1
Herlitz	381.50	+5
Hochtief	1,251	–7
Hoechst	241.50	+1
Hoesch	240	–0.50
Holzmann Ph	1,278	+6
Horten	183 50	–3
Industriekredit	260	–6
Industrie Werke	290	–5
Kali & Salz	147.20	+3.70
Karstadt	552	–18
Kaufhof	464	–11
KHD	177	–3
Klockner Werke	137.50	–1
Lahmeyer	1,030	–9.50
Leifheit	700	–5
Linde	800.50	–7.50
Linotype	524	–6
Lufthansa	127	–0.30
Lufthansa o/r Prf	117.50	+1
MAN	372.80	–5.20
MAN Pref	301.50	+0.50
Mannesmann	283.50	–3.50
Mannheim Vers	860	+10
Mercedes Hld	482	–3
Metallgesellschaft	475	–8.50
Muench Rueck (Reg)	2,500	+35
PWA	245	....
Philips Kommun	505	....
Porsche	815	–5
Preussag	276	–3
Rheinelektra	1,850	–25
Rheinmetall Berlin	338	+4
Rheinmetall Prf	204	–5
Rhein West El	402	–5
Rhein West El Prf	321	–5.50
Rosenthal	320	–5
Schering	798	–12.50
Schmalbach Lubeca	365	–4.50
Siemens	619.50	–10.50
Springer Axel Rg	695	+5
Sud Chemie	630	+10
Thyssen Ind	195	+2
Varta	320	+1
Veba	335	–6
VEW	214	....
Verein–West	319	+7
Viag	334	–13
Volkswagen	361	–10.50
Volkswagen Prf	312.50	–7.50
Wella Prf	730	–10
Zanders Feinpap	220	–3

ITALY

February 28	Lire	+ or –
Banca Comm	4,470	–70
Banca Naz Agric	7,000	+395
Banco Lariano	5,635	–10
Bastogi–I R B S	259	–3
Burgo (Cartiere)	8,700	+400
CIR	2,540	–50
Caffaro Spa	835	....
Cementir	2,280	+38
Cigahotel	2,980	+42
Cofide Fin	3,005	+55
Credito Italiano	2,610	....
Danieli & C	8,450	–50
Enimont	1,551	....
Eridania	7,650	+55
Ferruzzi Fin	2,298	–2
Fiat	5,560	–130
Fiat Priv	3,980	–30
Fidis	6,150	–105
Fondiaria	40,780	–160
Gemina	1,805	–10
Generali Assicur	35,400	–60
Gilardini	3,300	+115
IFI Priv	14,250	–350
Italcable	8,000	–290
Italcementi	21,890	+105
Italgas	2,855	+10
Lloyd Adriatico	13,800	+100
Magneti Marelli	999	–1
Mediobanca	15,680	–20
Montedison	1,460	+3
Olivetti	3,749	–71
Pirelli & Co	6,395	+25
Pirelli Spa	1,790	+20
RAS	19,400	–160
Rinascente (La)	5,965	–85
SASIB	7,150	–40
SIP	1,380	–25
Saffa A	7,530	+100
Saipem	2,000	+210
Sirti Spa	11,240	–150
SMI	1,220	+9
Snia BPD	1,660	–10
STET	2,160	–30
Toro Assicur	22,320	+172
Tosi Franco	30,300	–60
Unicem	10,940	–40

NETHERLANDS

February 28	Fls.	+ or –
A B N Amro Holding	37.90	–0.10
ACF Holding	40.50	–0.50
AEGON	122.40	–0.10
Ahold	73.90	+2
AKZO	92.90	+1.10
AMEV	55	....
Bols Lucas	188	+2.80
Boskalis Westm Cert	85	–1.50
Buehrmann Tett Cert	58.40	–0.10
Centrale Suiker	80.40	+0.90
DAF	23	–0.10
DSM	103.40	+2.80
Dordtsche Petr	129.60	+2.50
Elsevier Dp Rcts	77	–1.60
Fokker	30.40	+0.50
Gamma	94	+0.50
Gist Brocades	31.70	....
Heineken	144.90	....
Hollnd Beton	195.50	+1.80
Hoogovens	52.20	+1.70
Hunter Douglas	65	+0.30
IHC Calland	53.80	+1.30
Intl Mueller	79.50	–0.50
KLM	26.70	+0.40
KNP	45.70	+0.50
Kempen	11.20	+0.30
NMB Postbank	43 30	+0.30
Natl Nedl Cert	54	+0.70
Nedlloyd	48.70	+0.70
Nijverd–Ten Cate	85.50	+1
Nutricia Ver Bedr	122	+2.50
Oce V Grint	47	....
Ommeren (Van)	42.10	+0.90
Pakhoed	176.30	–0.70
Philips	26.80	+0.50
PolyGram	29.80	–0.70
Robeco	96.40	+1
Rodamco	55	–0.60
Rolinco	91.80	+0.60
Rorento	62.90	....
Royal Dutch	139.60	+2.80
Unilever	148.90	+1.30
VNU	89.70	+0.70
VMF Stork	47.30	+0.90
Wessanen	73.50	....
Wolters Kluwer	52.90	–0.90

NORWAY

February 28	Kroner	+ or –
Aker A Free	104	+6
Bergesen A	136	+6
Christiana Bk Free	56	+1
Den norsk Bk Free	124	+4
Dyno Ind	124	+1
Elkem Free	153	+5
Hafslund Nyc A Free	179	+4
Kvaerner Free	198.50	–1.50
Leif Hoegh	74	–1
Nora Ind A Free	250	–20
Norsk Data A	32	+0.50
Norsk Hydro	182.50	+6.50
Norske Skog A Free	145	+1
Orkla Borreg Free	190	–1
Saga Pet A Free	110	+10
Saga Pet B Free	110	+9
Storebrand Free	115	....
Storli B	128	+6
Unitor Ships Sv	93	–5
Vard AS A	85	+1

SPAIN

February 28	Pts.	+ or –
Alba (Corp Fin)	5,760	+40
Aragonesas	1,445	–15
Asland	3,125	–85
Banco Bilbao Viz	2,960	+30
Banco Central	4,600	....
Banco Exterior	3,455	+5
Banco Hispano	2,765	+15
Banco Popular	9,850	–20
Banco Santander	5,120	–60
Banesto	3,815	+15
CEPSA	1,850	–30
Carburos Metal	4,450	+60
Dragados	2,800	–20
Electra Viesgo	3,145	+15
Endesa (Br)	2,375	+5
Ercros	1,090	–5
Fecsa	774	+38
Hidroel Cantabr	1,740	–15
Hidrola	510	....
Iberduero	701	–8
Koipe	3,400	....
Mapfre	5,530	+20
Metal Duro–Felg	1,430	+30
Metrovacesa	4,940	–40
Portland Vald	18,550	–20
Repsol	2,480	–40
SNIACE	279	....
Sarrio	768	+3
Sevillana Elec	575	–5
Tabacalera A	4,205	+5
Telefonica	934xd	+1
Tudor	1,195	....
Union Fenosa	582	–3
Union y el Fenix	6,450	–100
Uralita	1,870	–15
Urbis Ser 2	1,575	....
Vallehermoso	2,500	–45

SWEDEN

February 28	Kroner.	+ or –
AGA B Free	280	–2
Alfa–Laval B Free	251	....
Asea B Free	640	+13
Astra A Free	530	+1
Astra B Free	520	....
Atlas Copco A Free	212	+4

SWEDEN (continued)

February 28	Kroner.	+ or –
Electrolux B Free	214	+4
Ericsson B Free	202	+3
Esselte B Free	107	....
Gambro B Free	165	+5
Mo Och Dom B Free	260	+15
Nobel Free	78	–2
Procordia B Free	174	+1
Saab Scania B Free	287	....
Sandvikan B Free	295	–5
Skandia Free	179	+1
Skan Enskilda C	67	+1
SKF B Free	91	–4
Stora Kopp B Free	313	–2
SCA B Free	105	....
Svka.Handl.B Free	131	+6
Trelleborg B Free	124	+1
Volvo B Free	280	+15

SWITZERLAND

February 28	Frs.	+ or –
Adia Intl (Br)	970	+40
Adia Ptg Cts	112	....
Alusuisse Lonza	1,080	–5
Alusuisse Ptg Cts	94.50	–1
Baloise Ptg	2,160	–30
Brown Boveri (Br)	4,710	+50
Brown Boveri Ptg	884	+4
CS Hdgs	1,815	–30
Ciba Geigy (Br)	2,830	–40
Ciba Geigy (Reg)	2,410	–100
Ciba Geigy (Pt Cts)	2,330	–80
Elektrowatt	2,980	+10
Elvia	2,060	–40
Fischer (Geo)	1,555	+5
Fischer Ptg	240	–8
Forbo	2,410	+50
Holderbk (Br)	5,120	+50
Holzstoff (Br)	5,050	+50
Jelmoli	1,550	....
Jelmoli Ptg Cts	295	+1
Landis & Gyr	1,140	+10
Landis & G Prior Ptg	102	+2
Leu Hold (Br)	1,450	+10
Leu Hold Ptg	231	–12
Mag Globus Ptg	870	+10
Mikron (Reg)	445	....
Motor–Columbus	1,500	–25
Nestle	7,990	+10
Nestle (Reg)	7,680	+30
Oer–Buehrle	495	....
Pargesa Hld	1,070	–10
Pirelli	380	–5
Richemont	8,900	–90
Roche (Br)	7,040	+40
Roche (Genuss)	4,100	+10
Sandoz (Br)	10,900	–50
Sandoz (Pt Cts)	2,150	–10
Schindler (Br)	5,280	–20
Schindler (Pt Cts)	980	–30
Sika Reg A	750	–25
Surveillance (Br)	6,800	+200
Swissair	818	+2
Swiss Bank (Br)	304	–9
Swiss Bank Ptg	265	–8
Swiss Reinsurance	3,260	+10
Swiss Reins Ptg	595	+2
Swiss Volksbk	1,380	–10
Union Bank Br	3,380	–20
Union Bank Ptg	133	–2
Winterthur	3,950	–110
Winterthur Ptg	750	–5
Zurich Ins	4,330	–60
Zurich Ins Ptg	2,040	–30

SOUTH AFRICA

February 28	Rand	+ or –
AECI	14.25	....
Allied Tech	90	–1
Anglo Am Coal	82	....
Anglo Am Corp	97	+1.75
Anglo Am Gold	195	+5
Barlow Rand	38.50	+0.25

JAPAN

CANADA

TORONTO

3:00 pm prices February 28

MONTREAL

3:00 pm prices February 28

INDICES

**Saturday February 23: Taiwan Weighted Price: 4946.52. Korea Comp Ex. 685.39.
a Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE All Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO – Most Active Stocks

Thursday 28 February 1991

1:15 pm prices February 28

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1991 High	Low	Stock	Div.	Yld. %	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

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NYSE COMPOSITE PRICES

Continued from previous page

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
17	11⅞	Quanex	0.48	0.03	81	103	16¼	15⅝	16¼	+¾
19⅝	11⅛	Quantum Ch				222054	17⅝	17¼	17½	
14¼	10½	QuestVal D				217	13¾	13⅝	13⅝	-⅛
13½	12⅝	QuestVal P				162	13⅜	13¼	13⅜	
37⅞	33¼	Questar x	1.96	0.05	12	291	u37⅞	37½	37⅝	-⅛
17¾	10	Quick Rly x	0.28	0.02	13	18	16¼	16⅛	16⅛	+⅛

- R - R -

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
11½	10⅝	RAC Incm	0.42	0.04		29	u11½	11⅜	11½	
7	4⅞	RAC Mortg	0.60	0.09	7	209	6⅞	6⅝	6¾	
9	4½	RJRNab Wts				[illegible]	u10	9¼	9⅞	+½
15½	11⅝	RLI Corp	0.44	0.03	7	11	15	15	15	

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
16	12	Zenith Nat	1.00	0.06	34	268	u16¼	16	16⅛	+⅛
5⅛	4½	Zenix Inc	0.28	0.05		19	u5⅛	5⅛	5⅛	
13⅜	10⅞	Zero Corp	0.72	0.05	12	617	12¼	11¾	11¾	-⅜
41⅞	29½	Zurn Ind	0.88	0.02	15	374	39¼	38⅞	39	+⅞
12⅛	10¼	Zweig Fund				325	u12⅛	12	12⅛	-⅛
9¾	8½	Zweig Tot				547	9⅝	9½	9½	-⅛

Price data supplied by Telekurs.

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3:00 pm prices February 28

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Pat HdP		7	4	9	8¾	8⅝	
Phil LD		5	49	13⅛	13	13⅛	+⅛
Pitway A		10	6	u24	23⅞	24	+¼
Pro Med	0.50	11	12	5⅞	5¾	5⅞	
Prof Care		6	167	u6⅞	6¾	6⅞	+⅛

NASDAQ NATIONAL MARKET

3:00 pm prices February 28

- X - Y - Z -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
WP Grp		1	824	2⅝	2½	2⅝	+⅛
Wyse-Gibr	0.40	14	299	7¼	7	7	-⅛
Xilinx		38	666	18¼	17¾	18¼	+½
XL Data		9	63	6½	6¼	6¼	-⅛
Xoma Corp		18	5915	30½	29¾	29¾	
YorkshEn	1.62	15	114	20¼	19⅞	20¼	+¼
Yellow Fr	0.94	13	2009	30¾	30¼	30¼	-⅛
York Rsch		18	2287	17⅜	16⅝	17¼	+⅝
ZionsUtah	0.80	8	15	35¼	35	35	

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AMERICA

Dow shrugs off end to hostilities in Middle East

Wall Street

US EQUITIES shrugged off the ceasefire in the Gulf and traded in a narrowly mixed range at midsession, *writes Karen Zagor in New York.*

At 2 pm, the Dow Jones Industrial Average was 8.66 lower at 2,880.45 although advancing issues led those declining by a ratio of four to three. The Standard & Poor's 500 was also lower, falling 0.76 to 366.98 at 1 pm, but the American Stock Exchange Index rose 1.67 to 344.64.

Shares in Ford Motor, which is increasing its cost reduction programme to $3bn and expects to post a substantial loss in the first quarter, climbed $1¾ to $32¼ in active trading. Other carmakers also moved higher, with Chrysler adding $1⅝ to $13⅞ and General Motors up $1⅝ at $38⅝.

Wal-Mart fell $1¼ to $35 in spite of improved fourth quarter earnings of 42 cents a share from 38 cents. Some analysts had expected 44 cents a share.

Dillard Department Stores also disappointed some analysts, with fourth quarter earnings of $2.49 a share after $2.43 a year earlier. The stock slid $1¼ to $95⅞.

Glaxo Holding added $1⅛ to $37⅛ after posting a 6.5 per cent improvement in six-month pre-tax profits and boosting its dividend by 21.4 per cent.

Speculation that Cooper Industries, which makes oil service equipment as well as electrical and automotive product and power tools, might benefit from the rebuilding of Kuwait helped the company's shares rise $1⅛ to $50⅞.

In the secondary market, profit-taking set in. At midsession, the Nasdaq composite was 0.44 higher at 451.26 after gaining more than two points earlier.

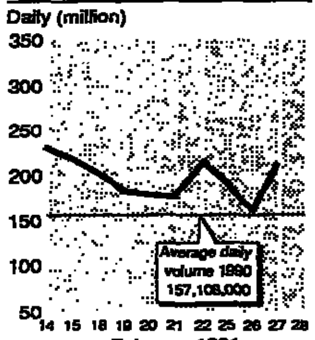
Sonic Corporation, which operates and franchises a drive-in restaurant chain, made its debut on the Nasdaq yesterday. It was the most active over-the-counter issue of the morning, trading at $14⅛ at midsession. An offer of 3.7m shares was priced at $12.50 a share on Wednesday.

Cetus jumped $1¼ to $12⅝ after a federal jury upheld two of the company's patents against a Du Pont law suit for technology used in disease diagnostic tests and forensic analysis.

Cracker Barrel dropped $1 to $33¼. Late on Wednesday, an issue of 1.5m common shares was priced at $33¼.

Laserscope, a manufacturer of surgical laser systems, plummeted $4½ to $20 after an analyst at Alex, Brown in Boston reduced his investment rating on the stock because of uncertainty over order rates and increased competition.

NYSE volume



Canada

STOCKS EASED from early highs in Toronto on profit-taking. The composite index gained 10.6 to 3,453.7 by midsession, after peaking at 3,458.66. Advances led declines by 246 to 197 on volume of 15.65m shares.

Canada's GDP figures for the fourth quarter were in line with expectations and had little effect on the market.

Gold shares posted moderate gains after Comex gold futures climbed. Placer Dome firmed C$⅝ to C$17, American Barrick rose C$¾ to C$23⅛ and Echo Bay gained C$⅝ to C$9¼.

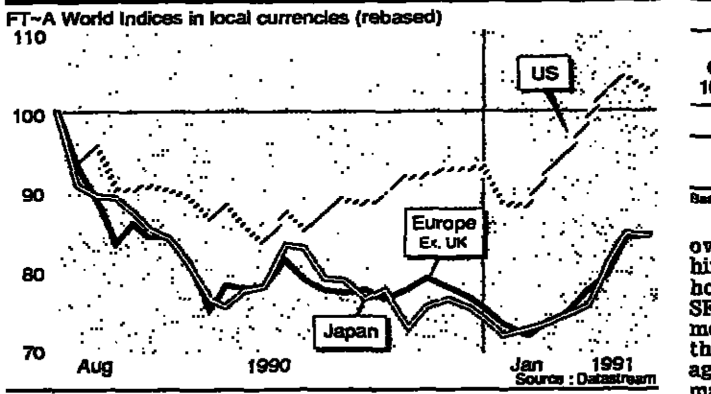
Corona Corp class A shares fell 10 cents to C$4.75 after 1990 earnings dropped to 2 cents a share from 6 cents.

EUROPE

Hopes of contracts to rebuild Kuwait excite bourses

STOCKS of companies thought to have a chance of winning *contracts to rebuild Kuwait* attracted demand yesterday, following the news of the Gulf *ceasefire, but profit-taking* pulled some bourses lower, *writes Our Markets Staff.*

Since the Iraqi invasion of Kuwait seven months ago, continental Europe has followed a similar path to Japan, recovering from the lows reached before the outbreak of war in January to stand about 15 per cent below the levels of early August (see chart). In contrast, the US has more than recouped its losses, on the belief that the recession is nearing an end.



FT-SE Eurotrack 100 - Feb 28

Hourly changes							
Open	10 am	11 am	Noon	1 pm	2 pm	3 pm	Close
1063.54	1063.83	1062.81	1060.79	1058.65	1059.60	1059.94	1058.74

Day's High 1065.74 Day's Low 1057.85

Feb 27	Feb 26	Feb 25	Feb 22	Feb 21
1056.65	1050.88	1071.93	1053.96	1047.96

Base value 1000 (26/10/90)

PARIS powered ahead with a 1.7 per cent rise, the CAC 40 index gaining 28.77 to 1,759.79, in sustained heavy turnover of about FF3.3bn. Companies expected to benefit from the reconstruction of Kuwait dominated, but some dealers said the buying was overdone.

Thomson-CSF, the defence electronics company, jumped FFr8.20 or 6.3 per cent to FFr137.80 on hopes of orders *for defence or air traffic control* systems; Vallourec, the steel pipe maker, gained FFr18 *or 6.1 per cent to FFr315; and* Bouygues, the construction group, rose FFr33 or 5.7 per *cent to FFr611.*

Schneider slipped FFr5 to FFr732. Square D of the US rejected the electronic equipment group's takeover offer.

AMSTERDAM ended higher in response to the end of the Gulf war. A firm bond market also helped. The CBS tendency index closed 0.7 up at 89.2.

Elsevier, the publishing group, bucked the trend. It came off a high of Fl 80.20 to *close Fl 1.60 lower at Fl 77, on* rumours that Pearson of the UK was selling its 22 per cent *stake in Elsevier to institutions.* Both companies, which decided last year not to pro*ceed with tentative merger* talks, declined to comment.

NMB rose 30 cents to Fl 43.30 *and* Nat-Ned added 70 cents to Fl 54 on the news that the campaign by VEB, the Dutch shareholders' association, to block the merger between the two had failed. Aegon, which has opposed the link-up, eased 10 cents to *Fl 122.40.*

ZURICH eased on profit-taking and higher interest rates. *The Crédit Suisse index slipped* 1.0 to 539.5.

Ciba-Geigy was weak before *announcing a fall in 1990 post*-tax operating profit, which was in line with expectations, and a *cut in its dividend, which came* as a surprise. Its bearer shares lost SFr40 to SFr2,830, easing *further in the after-market.*

Omni Holding was suspended at midsession, after its bearer shares had fallen SFr40 or 5.9 per cent to SFr640. The investment company owned by Mr Werner Rey hinted at a change in shareholding structure. Adia rose SFr40 to SFr640; the employment company said yesterday that it would take action against Omni, which sold a majority stake in the group to Asko of Germany on Tuesday.

UBS, due to report results today, saw its registered shares fall SFr11 to SFr705.

FRANKFURT rose briefly at the start but closed near the day's lows as dealers cleared out their positions at the month-end. Economic surveys from industry organisations, *showing a drop in confidence* in the business community and an awareness that Germany was behind the UK and the US in the economic cycle, weighed on prices.

The FAZ index, calculated at midsession, rose 3.51 to 662.95, while the real-time DAX index fell 23.43 or 1.5 per cent to 1542.09. Volume rose to DM6.7bn from DM6.1bn.

MILAN was little changed in volume estimated at less than Wednesday's L181bn. Initial buying in *response to the Gulf* ceasefire was halted by a L35 drop in Fiat to L5,625. The *Comit index rose 0.87 to 572.52.*

There was some speculative buying of construction stocks *on hopes of a share in the* rebuilding of Kuwait. Saipem, the oil industry service company, *rose L210 or 12 per cent* to L2,000.

Ifil, the Agnelli holding company, *was steady at L5,610* after reporting a rise of more than 35 per cent in 1990 profits. Dealers said the figure was in line with expectations and noted that the share had risen ahead of the results.

STOCKHOLM rose for the 10th day in active trading. The Affärsvärlden General index put on 9.0 to 1,070.1 in heavy volume of SKr656m, up from SKr546m.

Ericsson featured on hopes that it would win an order to repair Kuwait's telephone network, after being asked to assess the damage. At the time of the invasion, Ericsson was installing a phone network in Kuwait valued at SKr300m. *The free B shares added SKr3* to SKr202.

Free Bs in SKF, the ball bearings *group, fell another* SKr4 to SKr91 following disappointing results on Wednesday.

OSLO's all-share index rose 9.51 or 2 per cent to 474.83 in active trading worth NKr513m. *Oil* and shipping stocks were strong, with Saga Petroleum free shares leaping NKr10 or 10 per cent to NKr110 and Bergesen As rising NKr6 to NKr136.

MADRID lost the early gains triggered by cuts in Treasury bill interest rates. The general index closed 0.05 up at 264.13, after standing 3.15 higher.

ISTANBUL fell as interest rates rose. The 75-share index lost 167.95 or 3.2 per cent to 5,102.57 in turnover of TL298bn, up from TL229bn.

SOUTH AFRICA

GOLD SHARES were lifted by firmer bullion prices and a weaker financial rand. The all-gold index added 38 to 1,067, with Vaal Reefs up R10.50 at R191.50. The industrial index gained 9 to 3,218 and the all-share index firmed 36 to 2,803.

Individual investors flood back to Athens

A delay in the crackdown on tax evasion has prompted their return, says **Kerin Hope**

ON BUSY mornings at the Athens Stock Exchange, athletic young investors can be seen climbing the steel security fence that now guards the entrance to the trading floor. Known as the *kangelitides*, or railing-clingers, they scan the board from their elevated vantage point and call out prices to older punters waiting below.

The small investors who contributed heavily to last year's record-breaking performance on the bourse are returning to the market with a vengeance, after a gap of several months.

The Athens general index opened the year at 949.21 and fell 4.5 per cent during January to finish the month at 906.53. In February, however, the market has spurted ahead. Yesterday the index closed at 1,291.72, up 33.45 or 2.7 per cent.

Mr Ilias Tsotakos of Value Securities says: "There is a vision of prosperity ahead once the Gulf war is over. It helps build the mood in a market that is ruled by psychology."

Closer to home, the European Community's approval of an Ecu2.2bn balance of payments loan to Greece reinforced confidence in the government's efforts to stabilise the economy.

Investors are also taking advantage of a Finance Ministry decision to postpone extending its crackdown on tax evasion to the bourse. For the moment, they will not be required to prove that tax has been paid on income used for purchasing stocks. The underground economy, estimated at more than 30 per cent of gross domestic product, helped to fuel last year's boom, with small investors pouring black money into the exchange.

Institutional interest in the market is mixed, according to brokers. Some local fund managers are profit-taking on shares held through the winter doldrums. Others have jumped in to buy, hoping to give their first-quarter results a last-minute boost. Foreign investors, many of whom pulled out after the index peaked last July at 1,684, are gradually returning.

Daily transactions have risen from an average of Dr1.26bn ($7.8m) for January to an estimated Dr4.5bn in February. Almost 240,000 shares were traded daily last month; brokers now speak of a volume of about 390,000 shares a day during the past three weeks, more than the daily average for the whole of 1990.

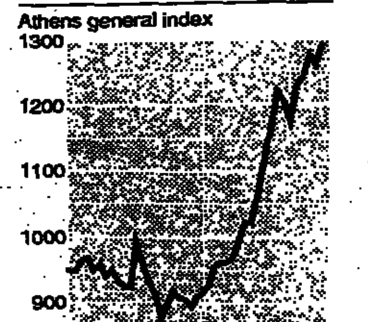
Bank stocks are outperforming the market on the strength of satisfactory earnings in 1990 and confidence engendered by a shake-up of directors at the leading state banks.

A shortage of scrip, which left many would-be investors queueing frustratedly outside brokers' offices last spring, has eased. Now that a dozen new securities firms have entered the exchange, equity is more widely distributed. In the past, a few individual brokers kept a near-monopoly of trading in shares of tightly controlled, family-run companies.

At the same time, a steady flow of new listings has broadened the choice for investors. A total of 28 companies joined the bourse last year. New issues raised more than Dr52bn, while another 37 companies already listed increased their capital by a total of Dr130.8bn.

Although several companies postponed plans to make share issues because of the Gulf war, two new listings since January were comfortably oversubscribed. Elmek, a sportswear importer which also manufactures some brand name items under licence, raised Dr1.5bn. The issue was three times oversubscribed. El. A. Mouzakis, an old-established manufacturer of yarns, did even better, raising Dr2.03bn, which was 11 times oversubscribed.

Greece



Mr Spyros Kriticopoulos, head of research at M. Kyranis Securities, says: "There is no shortage of funding available for new entrants. A billion drachmas seems like peanuts now."

Athens, the world's second best performing stock market last year, seems to have fully recovered its exuberant spirit.

ASIA PACIFIC

Ceasefire lifts Nikkei in improved volume

Tokyo

SHARE prices gained ground in heavy volume yesterday as the market welcomed the Gulf ceasefire. Investors were also encouraged by the overnight rise on Wall Street and the stronger yen, *writes Emiko Terazono in Tokyo.*

The Nikkei average, which opened at the day's low of 26,176.76, closed up 314.97 at 26,409.22. The index peaked at 26,623.67 in the afternoon and then drifted down on profit-taking. Volume doubled to 1bn shares from Wednesday's 500m, on buying by individuals and foreigners. However, most domestic institutions stayed away ahead of the fiscal year-end book closing.

All 36 sectors were higher, and advances led declines by 777 to 242, with 123 issues unchanged. The Topix index of all first section stocks added 24.95 at 1,960.32, and in London the ISE/Nikkei 50 index put on 2.24 to 1,513.79.

Some analysts feared that investors were starting to worry about interest rates. Ms Betty Wu at SBCI said that, after the market closed, there were rumours of an imminent discount rate rise.

Stocks which could benefit from the reconstruction in the Gulf were featured. JGC, the plant engineering company, surged in the morning but ended Y50 down at Y2,580 on profit-taking. Sumitomo Metal, the day's most active issue, climbed Y45 to Y530 on news that it had received orders for seamless pipes from Kuwait. Trading in the stock was temporarily suspended on the Tokyo exchange as buyers overwhelmed sellers.

Nippon Light Metal, a leading aluminium producer, forged ahead Y54 to Y975 on hopes of increased aluminium demand for small cars. Sumitomo Light Metal advanced Y33 to Y708.

Petrochemical issues, which rose recently on lower naphtha prices, succumbed to profit-taking. Mitsubishi Petrochemical retreated Y30 to Y1,080 and Mitusi Petrochemical Industries Y24 to Y996.

In Osaka, the OSE average gained 235.85 to 28,999.23 on volume of 130.4m shares. Pharmaceuticals were widely sought on fundamentals. Santen Pharmaceutical rose Y80 to Y2,400 on brisk sales of its anti-bacterial eye lotion. Fuso Pharmaceutical added Y30 at Y1,380 on rising sales of its artificial kidney dialysis fluid.

Roundup

THE PACIFIC Rim was encouraged yesterday by rises in other markets, but some came off early highs as profit-taking emerged. Bangkok was closed.

AUSTRALIA strengthened on hopes of lower inflation. The All Ordinaries index gained 15.2 to 1,405.6 as turnover rose to A$190m (A$165m).

There was a flurry of corporate results. Brambles, the transport and security company, gained 25 cents to A$15.75 in spite of reporting a fall in operating profits; Orbital Engine firmed 10 cents to A$3.60 on higher profits; while Renison, the mining company, fell 14 cents to A$6.30 after a profits decline and a dividend cut. Lend Lease appreciated 15 cents to A$15.85 after news of a rights offer.

NEW ZEALAND responded to the strength of overseas markets. The Barclays index moved ahead 20.8 or 1.5 per cent to 1,366.07 in turnover of NZ$11m, down from NZ$13m.

HONG KONG's Hang Seng index added 39.35 at 3,552.14 as turnover expanded to HK$1.64bn from HK$1.15bn.

SINGAPORE rose but finished off its high. The Straits Times Industrial index gained 16.22 at 1,459.57. Turnover grew to S$291m from S$241m.

TAIWAN was pulled off the day's peak by late selling. The weighted index was up 163.55 or 3.4 per cent at 5,033.37, after 5,166.65. Turnover swelled to T$78.9bn (T$45.7bn).

The financial sector climbed 4.9 per cent on reports that the government could delay the privatisation of three banks.

SEOUL lost early gains on profit-taking by institutions before their fiscal year-end next month. The composite index ended only 3.86 up at 675.57 after active volume of Won317bn (Won233bn).

MANILA reacted positively to the ceasefire in the Gulf. The composite index rose 16.34 to 983.03. Turnover totalled 154m pesos, against 153m.

JAKARTA fell in declining volume as rising interest rates attracted liquidity into bank deposits. The official index shed 12.07 to 391.33.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY FEBRUARY 27 1991								TUESDAY FEBRUARY 26 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1990/91 High	1990/91 Low	Year ago (approx)
Australia (75)	131.57	−1.8	101.76	109.99	104.04	111.64	−1.7	6.15	133.96	103.41	112.41	105.86	113.56	158.31	112.74	139.98
Austria (19)	214.46	−0.8	165.86	179.28	169.59	169.83	−1.0	1.61	216.23	166.92	181.45	170.87	171.60	285.63	167.00	268.46
Belgium (60)	148.06	−0.4	114.51	123.77	117.08	114.29	−0.9	5.15	148.66	114.76	124.73	117.47	115.30	160.02	121.73	134.59
Canada (116)	136.85	+0.7	105.84	114.40	108.21	114.11	+0.6	3.52	135.96	104.96	114.08	107.43	113.41	153.61	121.24	139.35
Denmark (32)	264.69	−0.5	204.71	221.27	209.30	210.42	−0.9	1.64	266.03	205.37	223.24	210.23	212.30	277.62	217.74	246.77
Finland (21)	113.56	+0.3	87.83	94.94	89.80	87.69	+0.2	3.21	113.22	87.40	95.01	89.47	87.54	152.29	90.61	147.77
France (113)	146.97	+0.6	113.67	122.86	116.21	119.31	+0.9	3.45	146.05	112.75	122.54	115.40	118.27	168.85	121.85	144.46
Germany (88)	120.90	−0.6	93.51	101.08	95.60	95.60	−0.5	2.38	121.65	93.91	102.09	96.13	96.13	144.63	101.38	126.13
Hong Kong (46)	142.15	−0.6	109.93	118.83	112.41	142.22	−0.6	4.72	142.97	110.37	119.97	112.98	143.04	147.49	112.24	121.03
Ireland (16)	170.76	+2.1	132.07	142.75	135.03	137.34	+1.8	3.33	167.20	129.08	140.31	132.13	134.90	198.57	132.88	189.67
Italy (91)	86.33	−0.9	66.77	72.17	68.27	73.28	−0.7	3.45	87.08	67.23	73.07	68.81	73.82	109.26	72.05	93.00
Japan (453)	143.12	−0.6	110.69	119.65	113.19	119.65	−1.0	0.72	143.99	111.16	120.83	113.80	120.83	197.26	106.58	168.65
Malaysia (34)	228.62	−0.8	176.81	191.11	180.78	239.23	−0.6	3.15	230.51	177.95	193.42	182.15	240.67	250.89	182.96	237.74
Mexico (12)	599.68	+0.1	463.79	501.32	474.21	1952.55	+0.1	0.35	598.94	462.37	502.59	473.31	1950.13	613.96	324.53	392.10
Netherland (41)	141.69	+0.4	109.59	118.45	112.05	110.91	+0.6	4.92	141.12	108.94	118.42	111.52	110.30	149.03	125.70	132.96
New Zealand (15)	47.74	−1.4	36.92	39.91	37.76	42.33	−1.1	8.03	48.40	37.36	40.62	38.25	42.82	75.36	41.18	63.64
Norway (30)	204.76	−0.7	158.36	171.18	161.92	165.71	−0.8	1.72	206.26	159.24	173.10	163.01	167.08	276.79	182.24	233.45
Singapore (25)	195.21	+0.1	150.97	163.19	154.36	155.40	+0.2	2.33	195.07	150.59	163.69	154.15	155.11	209.24	147.24	192.34
South Africa (60)	197.23	−0.1	152.54	164.88	155.96	137.08	+0.0	3.97	197.47	152.45	165.70	156.05	137.09	251.39	151.50	198.13
Spain (41)	166.57	+0.6	128.82	139.25	131.72	119.56	+0.8	4.74	165.49	127.76	138.88	130.78	118.67	182.25	128.54	149.19
Sweden (27)	194.33	+0.8	150.30	162.46	153.68	162.62	+0.5	2.54	192.76	148.81	161.76	152.33	161.80	234.93	146.60	183.91
Switzerland (65)	98.54	+0.2	76.21	82.38	77.93	80.39	+1.0	2.57	98.39	75.95	82.57	77.76	79.57	109.77	82.17	93.75
United Kingdom (296)	180.89	+0.8	139.90	151.20	143.03	139.90	+1.0	5.04	179.42	138.51	150.54	141.77	138.51	182.40	139.87	154.92
USA (526)	149.01	+1.3	115.24	124.57	117.83	149.01	+1.3	3.29	147.07	113.54	123.42	116.23	147.07	149.55	119.06	134.43
Europe (940)	147.87	+0.3	114.36	123.61	116.93	116.04	+0.5	4.04	147.37	113.77	123.67	116.47	115.46	157.65	124.91	138.11
Nordic (110)	192.84	+0.1	149.14	161.21	152.49	151.15	−0.3	2.09	192.73	148.79	161.73	152.31	151.53	223.29	155.55	189.32
Pacific Basin (650)	142.32	−0.6	110.07	118.97	112.54	119.76	−1.0	1.05	143.23	110.57	120.19	113.19	120.94	192.75	107.82	163.93
Euro − Pacific (1590)	144.95	−0.2	112.10	121.16	114.61	119.04	−0.4	2.30	145.29	112.16	121.91	114.81	119.48	174.18	116.03	153.84
North America (642)	148.17	+1.3	114.60	123.86	117.19	146.67	+1.3	3.31	146.30	112.94	122.78	115.64	144.82	148.87	119.26	134.63
Europe Ex. UK (644)	127.60	+0.0	98.68	106.69	100.92	102.01	+0.1	3.30	127.62	98.52	107.11	100.88	101.89	145.62	106.85	126.82
Pacific Ex. Japan (197)	131.98	−1.1	102.07	110.35	104.38	116.95	−1.1	5.25	133.50	103.06	112.04	105.51	118.21	146.72	111.40	130.91
World Ex. US (1778)	145.45	−0.2	112.49	121.60	115.02	119.53	−0.3	2.36	145.75	112.52	122.31	115.18	119.93	173.77	117.12	153.91
World Ex. UK (2008)	142.08	+0.3	109.88	118.78	112.36	127.61	+0.1	2.39	141.71	109.40	119.62	112.00	127.42	162.00	115.37	145.07
World Ex. So. Af. (2244)	145.21	+0.3	112.30	121.40	114.83	128.75	+0.2	2.42	144.74	111.73	121.46	114.39	128.44	161.84	118.04	145.61
World Ex. Japan (1851)	148.20	+0.8	114.62	123.90	117.21	133.58	+0.9	3.67	147.04	113.51	123.40	116.22	132.45	151.59	124.31	136.69
The World Index (2304)	145.52	+0.3	112.54	121.65	115.08	128.61	+0.2	2.68	145.05	111.98	121.72	114.64	128.50	162.05	118.33	145.93

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RECRUITMENT

JOBS: "Don't we expect above average performance?" Top pay, motivation and all that

How not to reward the chief executive

"A framework for compensation grows out of what the partners in a corporation believe to be its purpose. A corporation is a voluntary association of people, primarily employees and stockholders, but also customers and suppliers, who share a common, long-term interest in the success of the firm. People enter into this association because they believe they can be more productive and successful working together toward common goals than working alone. When such partners are motivated by enlightened self-interest, they do not seek short-term gratification, but rather, guided by reason, they look for an integrated plan for long-term success and happiness. The interests of the employee and the company coincide, sine the individual's long-term career goals can be achieved best when the business is strong and healthy."

IT is a rarity these days to see the democratic ideal being applied to executive remuneration. But Ray Stata, chairman and chief executive officer of Analog Devices, a semi-conductor company, just might be giving vent to an idea ripe for the 1990s.

The excesses of the 1980s have not only left a bad taste in the mouths of the general public, but investors and political leaders as well. The current mood is reminiscent of that 50 years ago when President Franklin Roosevelt's administration to require companies in the US to make more information public about remuneration.

But today, if anything, the constituency questioning the way in which top company executives pay themselves is growing in size and influence. Belatedly, in the UK at least, companies are busily recruiting non-executive directors to sit on their remuneration committee to give a semblance of objectivity to the pay determination process.

The quotation from Stata comes from an essay he contributed to a book published last month by the Harvard Business School Press*. More of Stata later, some of the other essays in the book make equally provocative reading and highlight, to this reader at least, some of the knotty problems surrounding executive pay.

Arch Patton, a former McKinsey & Company partner, provides a thoughtful analysis of the upwards pressures on executive pay in the 1980s. In his view, and his argument is compelling, that after inflation the compensation survey may well be the most important ingredient in boosting executive pay.

"For example," he writes, "when a survey reports a functional job in a $150,000 to $250,000 salary range, with rare exceptions the $200,000 mid-point becomes the range bottom in the mind of the survey user ('don't we expect above average performance?'). This view almost automatically increases the pay of many executives. Furthermore, the survey uses job title as the measure of value, whereas the responsibilities of the position are the real yardstick."

But to Patton's mind the ubiquitous pay survey, while No 1 in his chamber of horrors, is just the beginning. He finds the "top down" approach to executive compensation inappropriate to today's world. It leads to pay infistion and a widening in the pay differential between the shop floor and the board room.

If US companies had adopted the Japanese system of pay – where the pay structure of a company is built from the bottom up – then top pay inflation would have been under better control and the gap between the lowest and highest paid narrower.

The upwards pressure on executive pay has also been influenced by pay consultants. Here the problem is that the pay consultant, over time, may come to regard the executive rather than the company as his client; the consultant may also be under pressure to satisfy the client desires especially where other consultancy may be at stake.

Patton makes the valid point that most chief executives are administrators. They are responsible for managing a company whose products and markets earlier executives had developed; moreover, most hold the helm for a few years.

"The disinterested observer can hardly be blamed for believing that a problem exists and that the board of directors is the crux of the problem. Too many directors appear to act as part of top management rather than as monitors capable of and willing to reward and penalise management's performance in furthering company interest."

Patton raises some important questions for top mangers, especially directors, but what of pay itself, does it lead to better corporate performance and does it really motivate? In his introduction to the book, Fred Foulkes, relates a stock tale of the 1980s.

A new manager is brought hired to breathe life in to a poor performing company. He sets out to recruit a fresh team of executives and pays them a lot of money. Profits rise; the shareholders are happy; the executives are well remunerated.

The problem here is one of cause and effect. Did the fatter pay packets lead to better corporate performance, or was it a function of having a new team at the helm? Foulkes can not answer those questions with certainty (and neither can this reviewer) and any pay consultant who claims that he or she can is probably telling you a lie.

After an exhaustive review of the evidence concerning pay and performance, George Milkovick and Bonnie Rabin, can find *associations* between pay and performance but no firm *causation*. The data they surveyed "do not allow us to say that executive pay levels determine corporate performance. . . Compensation plans with appropriate risk-return links *may* act as incentives that affect executive behaviour, but studies do *not* prove it."

David McLaughlin attempts to answer the question, does compensation motivate executives? Although he has some sympathy for Artemus Ward's wonderfully cynical observation – viz., "When a fellow says it's not the money, but the principle of the thing - it's the money" – he says that his work with some of America's leading companies shows him that there are many other important motivators of people than money.

"Motivation comes from within a person. The best a company can do is create an environment in which in which employees feel they can make a contribution and advance as far as talent and ambition will take them."

This takes us back to Stata and Analog Devices. His view of the company – which has more in common with the way the Japanese conceive of corporate life – questions the traditional nostrum that companies exist solely to enrich their owners. To Stata's mind, employees, customers and suppliers also matter.

Stata says there are two ways to evaluate an employee's contribution to a company: one is to focus on the value of the position filled; the other, is to focus on the value of the employee's personal contribution. At Analog they try to do the latter; they also try to give as much weight to how tasks are achieved as to what results are achieved.

Analog believes in variable pay at all levels based on total company performance. Individual performance is rewarded through promotion and, depending on the level of the executive, stock options.

Stata claims that variable pay fosters alignment of individual and organisational goals and it acts as a cushion in poor times. During the down turn in the semi-conductor industry in 1985-87 Analog stopped paying bonuses for six quarters. That saved the company 3.2 per cent of its payroll which, if it made by job cuts would have meant 267 redundancies. Given the current economic climate, it seems like a good idea.

Executive Compensation: A Strategic Guide for the 1990s, edited by Fred K Foulkes, HBR Press, pp. 528, $75.

Simon Holberton

Chief Executive

Teachers' Pensions Agency

A Teachers' Pensions Agency is planned for early 1992 under the Government's Next Steps policy for delivering high quality public service in a business like manner. It is to take over the functions of the Department's Pensions Branch, to be located in Darlington, and to have some 300 staff together with annual running costs of around £5m.

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هكذا من الأصل

ACCOUNTANCY COLUMN

David Waller congratulates his brother on becoming a chartered accountant

Partners may start being polite to you

Dear Rob,
I hope you don't think it impersonal that I'm trying to contact you via the pages of this newspaper. It's just that I haven't been able to get hold of you since you – and thousands of other anxious accountancy students – heard your final exam results last Friday. I checked the list of newly qualified chartered accountants in today's paper and your name is there: well done!

Nearly three years of hard slog are now over. True, you've got to get through the tail-end of the busy audit season, but it'll be much more bearable knowing that you won't have to spend your evenings slaving over the study-packs. And you'll notice a big difference in the attitude of the partners and managers. They'll probably start being polite to you for the first time ever. No more asking you to go and get the sandwiches: if you're lucky they'll soon be pleading with you to stay on.

An element of luck does enter into the equation this year, Rob. I know what the firm told you when they plied you with wine and canapés at that long-distant recruitment fair: all you have to do is qualify, and the world is your oyster. You were probably told that you could work in the office of your choice – even in the country of your choice – as a tax consultant, a human resources consultant or an information technology consultant. You probably left with the distinct impression that, having qualified as a chartered accountant, you'd find someone to pay you a huge sum to stop being an accountant. Your natural charm, wit and sensitivity would guarantee you a job in general management, merchant banking or venture capital.

A brotherly word of warning. This is not a particularly good year in which to have won your spurs as an associate member of the Institute of Chartered Accountants. You might not have noticed when you were on your revision course, but the country is in recession. This is beginning to catch up with the accountancy firms, those service-sector behemoths which reached their current size only the last ten years of Thatcher-inspired economic growth. Suddenly that growth has gone. Have a closer look at the partners' faces. Whenever I pay a visit to the firms' big new London offices, I note how gaunt and worried people are looking. The air of smug prosperity has vanished. It could easily be replaced by outright panic when the busy season is over. There'll be nothing for all those accountants to do, other than help bury increasing numbers of insolvent clients.

The recession has hit the financial services sector hard. Merchant banks just aren't recruiting in the same numbers that they used to: there aren't any takeovers. Nor are the venture capitalists; they're making people redundant. Forget stockbroking. The corporate sector isn't much better. Big companies are feeling the pinch, too, and have cut back on the numbers of newly qualified accountants they're prepared to employ to do that glamorous corporate development work that I've heard you talk about. There is apparently quite a lot of demand for internal auditors, but you may feel that this is even worse that being an external auditor. So what can you possibly do?

All the interesting work which might have motivated you and your peers to stay in the profession has evaporated

I had a word with a few recruitment consultants. Apart from telling me what a wonderful career you'd have in internal audit, the message was reasonably bleak. Worse in London and the south-east than anywhere else, better in the Midlands and the North.

"People just aren't interested in investing in potential," said one consultant. "Proven experience is what they are after". Another consultant told me that your chances of getting a "line" job in industry – as a financial controller or a management accountant – could be better if you had qualified not as a chartered accountant but as a cost and management accountant. The letters CIMA (for Chartered Institute of Cost and Management Accoutants) after your name might not be as up-market as ACA but they might get you a better job, in today's climate at least. But it's not worth your while dwelling on that.

I mentioned that the firms are not in the best of health. Things aren't so bad that that they're about to go bust as some have done in the US. But there is no special work, and consultancy is in the doldrums. All the interesting work which might have motivated you and your peers to stay in the profession has evaporated.

The message coming back from the firms is that in spite of this less exciting outlook, people aren't leaving in the numbers that they used too, either because they can't find the jobs they want to do or because they don't bother looking, content to stay in the relatively safe haven of an accountancy firm.

The difficulty for the firms used to be to hang on to enough staff to keep the audit machine working and ensure a stock of future partner material. For the first time in a decade, the situation is the reverse: people just won't leave. The firms are, as it were, overstocked. Only one firm, Ernst & Young, has taken the entirely sensible business decision of making a few dozen people redundant. I know for sure that others are going about the same thing in a thoroughly underhand way. They want to get rid of people, but daren't face the public-relations problems of doing it all in one go. Instead, they are exerting pressure by not promoting people, holding salaries down – generally making life unbearable for those the firms want to leave.

One consultant told me that the very best candidates will have no difficulties in finding the job of their choice. The very best will be mollycoddled by the firms, given what little interesting work there is left to do. But you have to know what it is you want to do. I hope you are not one of those who drifted into accountancy because you wanted to defer a difficult decision about your future. I don't think the experience you get as an articled clerk expands your horizons. You end up qualified and just as undecided as you were before. The only choice you face is a choice of different accounting jobs.

If I were you I'd learn Czech or Hungarian. Eastern Europe is likely to be one place where newly qualified accountants are valued this year – so long as they speak the language. Meanwhile, please get in touch when you recover from what's bound to be a monumental hangover.

All the best, David.

ACCOUNTANCY APPOINTMENTS

هكذا من الأعلى

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You will be a qualified accountant with sound financial and commercial acumen and experience of the computer industry. Equally important are the personal qualities which must include a pragmatic approach, organisational ability and judgement combined with the excellent communication skills necessary to develop the function effectively in line with business needs.

The salary agreed will be negotiable and a comprehensive benefits package is available.

Please write enclosing a comprehensive curriculum vitae to Mr K J Lyons, Personnel Manager, Financial Solutions Limited, Dextra Court, Chapel Hill, Basingstoke, Hants, RG21 2SY.

FINANCIAL SOLUTIONS LIMITED

FINANCIAL CONTROLLER

Cambridgeshire c £35K + car + bonus etc

Our Client, part of a successful British based International Group, specialises in custom thick film hybrid micro-circuits, for both the Commercial and Defence sectors. The company is in a growth phase with a young, ambitious management team.

Reporting to the M.D, whoever is appointed will be a qualified accountant (probably ICMA) with substantial experience gained in a manufacturing environment including batch production. Possessing good man-management and communication skills and literate in computer/systems he/she will have experience of asset control, financial, management and statutory accounts together with substantial experience of costing systems. M.O.D. accounting experience would be an advantage.

It is expected that the right person, probably in the 35 to 45 age group will have the maturity, stature and business acumen to contribute not only on the financial front but also on overall business strategy.

The remuneration package includes a competitive salary, company car, significant bonus, good pension and private health schemes and relocation assistance where necessary. Career progression opportunities are excellent.

If this opportunity interests you, please write with full career details to:

Dirk Degenhart (Ref: FC 1003), Dirk Degenhart & Partners Limited, Swan Centre, Fishers Lane, London W4 1RX.
Tel: 081-995 1331 (office hours) 081-994 2157 (evenings and weekends).
Fax: 081-994 9288 (24 hours).

Europe, Africa, Asia

Major US multinational seeks next generation of financial managers for subsidiaries throughout Europe and worldwide

This company has manufacturing operations in most European countries. With 40,000 employees in this region and sales of US$3.5 billion — opportunities for achievers are unlimited.

The European Audit team is seen as the priority route for promotion into these roles. It has 15 members, drawn equally from public practice, industry and commerce. This active policy of Internal Advancement has resulted in several promotions to middle and senior management (line functions) in the last year. Due to a recent promotion, they now seek a:

Regional Audit Manager — Designate

BRUSSELS

US$80,000
TAX EFFICIENT
PLUS BENEFITS
PLUS CAR

Based in Brussels, and reporting initially to the Regional Audit Manager, you will be responsible for supervising professionals in the conduct of financial and operational audits, as well as assisting in the management of the European regional office, including budgeting, scheduling, training and recruiting.

Candidates should be graduate Chartered Accountants or hold an MBA degree, aged 30 to 36, and have experience of both auditing and line management. Fluency in English and at least one other language, along with a willingness to travel (40% content), are required.

This is a high profile appointment, dealing with top-level international management. Remuneration will include an excellent tax efficient salary and a fully expensed company car.

Operational/Financial Auditors

US$38-51,000 NET
PLUS BENEFITS
PLUS CAR

Based in Brussels, you will join a young, dynamic and international team which answers directly to the USA. Reporting to an Audit Manager, you will immediately commence work on financial and operational audits and ad hoc assignments.

Qualifications required include:

- a university degree and/or accounting qualification.
- at least 3 years relevant financial experience.
- fluency in English. Other language ability would be an advantage.
- mobility. Prepared to travel 75% (return to base at weekends).

You will be dealing with top international management. Having already demonstrated success nationally, you will be looking to progress to the international arena, where the rewards for success are outstanding.

Interested candidates should write in confidence to:
Nicholson International (recruitment consultants),
48/56 Kingsway, London WC2B 6DX quoting reference 9178,
or fax details on 071-404 8128 or call Fiona Davidson on
071-404 5501 for an initial discussion.

NICHOLSON INTERNATIONAL

Venture Capital

Grosvenor Venture Managers is a leading independent company, with a substantial and highly successful investment portfolio.

- RESPONSIBILITY is to a Main Board Director for active involvement in the investment process from initial marketing, through analysis and investigation to negotiation and performance monitoring.
- THE NEED is for a qualified accountant aged between 27 and 35, with commercial acumen and a record of relevant experience in venture capital or perhaps corporate finance or the professions. Initiative, opportunism, pace and a sense of priorities are key characteristics.
- COMPENSATION up to £50,000 plus carried interest.

Write in confidence, enclosing Curriculum Vitae and quoting reference: 7366/FT to:

TK SELECTION

8 Hallam Street, London W1N 6DJ. Telephone: 071-580 6113, Fax: 071-631 5317
A DIVISION OF TYZACK & PARTNERS

FINANCE DIRECTOR

International Scope £45,000 + high bonus + car

Fast expansion by acquisition and organic growth is the keynote for this major division of a large household name and UK based PLC. From headquarters in the East Midlands the divisional executive team has been tasked with the worldwide development of a business supplying consumer goods. The nature of the role will ensure excellent wide ranging experience in a Group committed to quality.

The divisional Finance Director will play a pivotal role in reviewing, communicating, and advising on performance throughout the division. This involves ensuring that a well developed control and reporting infrastructure is in place in all profit centres. As a member of the divisional executive team, the appointee will evaluate new and existing business opportunities both in the UK and overseas and provide advice on the financial implications of available options.

The candidate sought must be able to apply their financial skills to the commercial advantage of the business. This will require first class interpersonal skills combined with a proactive approach to both problem solving and the review and presentation of financial information. Aged late 20s to mid 30s, they will be qualified accountants with ambition, drive and a willingness to travel.

As the division grows, there is the prospect of both working overseas and moving into general management. Being a performance oriented business moreover, remuneration includes high bonus potential.

Please reply in confidence, giving concise career, personal and salary details to Michael Fahey quoting Ref. L565.

Egor Executive Selection
58 St. James's Street
London SW1A 1LD

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The Top Opportunities Page

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For further information please contact

Stephanie Spratt 071-873 4027 Elizabeth Arthur 071-873 3694

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for immediate assignment. Top quality work and excellent results assured at competitive rates.
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Please contact:
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77 Queenstown Road,
London SW8 3RQ.
Tel: 071-720 9773

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for professionally written curricula vitae. Established 1983.
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071-233 5560/61

12 Eccleston Square, London SW1V 1NP

مكتبة من الأصل

Financial Director

Essex **c£33,000 Base + Bonus + F/X Car**

The company is a major subsidiary of a leading engineering PLC manufacturing capital goods. Turnover is £30m of which 70% is exported.

This is a Board appointment, reporting to the Managing Director. You will be an integral part of the company's top management team and contribute significantly to Board level decisions. You will assume responsibility for the finance function and data processing, as well as company secretarial duties.

You will be a *qualified accountant, preferably* aged 35-45, with substantial manufacturing experience. Knowledge of stock control techniques, standard costing and systems development will be a major advantage. You should have drive, determination and self-confidence and you will be expected to make a creative commercial input.

There is an attractive remuneration package which will include a substantial bonus element, and relocation expenses if appropriate.

Please reply in confidence, giving concise career, personal and salary details to **Tina Shortman, *Ref. GLO/252, Michael Page Finance,* Windsor Bridge House, 1 Brocas Street, Eton, Berks SL4 6BW.**

Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

Exceptional Young ACA

Yorkshire **c £35,000 + Car + Benefits**

Our client is an autonomous, highly profitable subsidiary Group of a renowned multinational engaged in the manufacture and marketing of a diverse range of fast-moving consumer products. The Group, which has manufacturing sites in the UK and Europe, has undergone significant change and is now poised to exploit the opportunities presented in world markets.

They now seek to appoint a high calibre Chartered Accountant to assume full responsibility for the finance function of the business. Initial emphasis will be placed on improving the quality of management information systems, with an ongoing brief to participate fully in the management of continued profitable growth both organically and through acquisition.

Candidates, aged 30-35, will be graduate Chartered Accountants who can demonstrate not only strong technical ability, but also first-class interpersonal skills and the leadership qualities required to succeed in this dynamic environment. Significant exposure within a manufacturing operation is considered essential for success *within this role*. Career prospects are excellent and a comprehensive benefits package including full relocation facilities is available.

Interested applicants should contact **James J. Russell, quoting Ref: L8550, at Michael Page Finance, Leigh House, 28-32 St. Paul's Street, Leeds LS1 2PX. Tel: (0532) 450212.**

Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

Price Waterhouse

EXECUTIVE SELECTION

UK Taxation Manager

£55-60k plus bonus **Thames Valley**

Focused, acquisitive, international and highly profitable — this UK based group has earned its reputation for being one of the dominant players in all its key fields of operations.

Leading a team of two professional staff, and reporting to the Group Director of Taxation, your prime task will be the optimisation of the Group's UK tax position. Such a role will focus, in particular, on the formulation and implementation of UK taxation strategy, having given due regard to all pertinent commercial factors. In addition, the Group's annual tax and year end programmes are especially complex, and their efficient and effective management is a high priority.

A positive approach to tax planning, proven technical and management expertise, a strong accounting bias, and the consequent professional and personal credibility are critical foundations for success. ACA/ATII are desirable. In return, this will be an intellectually demanding and high profile role within an achievement-orientated environment. As such, it is both an ideal move for a senior manager within the profession, and a step-up for the ambitious commercial tax advisor already in commerce/industry.

The remuneration package, including bonus, fully expensed car and other senior level benefits, reflects the high level of commitment and energy that the Group requires. To pursue this further, either telephone Hamish Davidson for an informal and confidential discussion, or write to him quoting reference H/1138/FT.

Executive Selection Division
Price Waterhouse
Management Consultants
Milton Gate
1 Moor Lane
London EC2Y 9PB
Tel: 071 939 6312
Fax: 071 638 1358

Financial Controller

Up to £35,000 + Car **London**

Our client, part of a major worldwide group, plans to build a substantial international business from an established UK base, which itself has great potential for growth.

Reporting to the MD, you will provide a senior accounting service for the UK and, in due course, continental Europe. Main responsibilities will be to maintain and improve financial controls, review performance through providing financial and management information, contribute to strategy and advise on taxation and other financial matters.

You will be professionally qualified and have at least five years' experience of finance, taxation and strategy in a large international company.

Please write - in confidence - giving full career and salary details, to: Ian Simons, Ref: 27012, MSL International (UK) Ltd, 32 Aybrook Street, London W1M 3JL.

MSL International
CONSULTANTS IN SEARCH AND SELECTION

c. £50,000 package ***Retailing*** ***North East***

Finance Director

A well established Northern stores group, part of a successful listed retail plc, requires an experienced finance professional to develop financial management and computer systems. Current turnover is in excess of £40 million. Outstanding opportunity directly to improve profitability and performance in a thriving business and play a key role in the realisation of substantial expansion plans. Significant career opportunities.

THE ROLE

- Provision of accurate, timely management information to improve control, decision making and working capital management
- Upgrading accounting and MIS systems. Forging close links with senior operating management and developing the central accounting team.
- Member of subsidiary board determining future strategy to include organic and acquisitive growth.

THE QUALIFICATIONS

- Qualified accountant, 35–40 years old, with proven record of managing change in the retail or service sector. Evidence of aptitude for strategic initiatives.
- Experienced in specification and implementation of accounting and MIS systems.
- Commercial and market orientated focus. Excellent manager, motivator and team player. Able communicator with a talent for influencing people.

London 071-973 0889
Manchester 061-941 3818

Selector Europe
A Spencer Stuart Company

Please reply, enclosing full details to: Selector Europe, Ref F219120L 16 Connaught Place, London W2 2ED.

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Financial Recruitment Specialists

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

INVITE YOU TO A BUSINESS BREAKFAST

EFFECTIVE TIME MANAGEMENT

THE GRAND HOTEL,
BROAD STREET, BRISTOL,
ON THURSDAY 14TH MARCH 1991
8.30am - 9.30am

The talk will be given by Roy Brighton, a Director of Time Manager International who will cover:-

- Balancing day-to-day demands with meeting long-term goals.
- How to gain overview and control.
- Making more effective use of your time.
- Effective use of your diary.
- Handling "Time Stealers".
- Managing the desk.

Roy Brighton is a Director of Time Manager International: perhaps the world's best-known training organisation recognised in 35 countries for its range of personal and corporate development programmes.

An Accountant by profession, he became one of the two founder members of the company in 1979 with his main responsibilities encompassing TMI's sales, marketing and public relations functions.

Before joining the company, he worked for 15 years within the computer industry, having previously worked as Revenue Accountant with the British Transport Commission.

Roy Brighton regularly lectures both in the UK and abroad.

(Places at the breakfast are strictly limited).

If you wish to attend, please write to Jackie Bressington at Robert Half, Freepost, 33 Wine Street, Bristol BS1 2QX. Telephone: 0272-252572.

Assistant Group Treasurer

Nottingham To £45,000 + Benefits + Car

The Boots Company PLC is one of the top 30 UK companies by market capitalisation. The Group's recently expanded retailing activities are well known, but a third of profits come from the manufacture and marketing, world-wide, of consumer goods, ethical and OTC pharmaceuticals. There is a substantial UK property portfolio. There are operating subsidiaries in some 20 countries.

The Treasury Department, reporting to the Group Finance Director, is responsible for all treasury matters throughout the Group. The size and diversity of activities provides exposure to a wide range of interesting problems and plenty of opportunity for an able person to add value to the business. The Assistant Group Treasurer will be involved in all aspects of the work and will deputise for the Group Treasurer.

Candidates should be well qualified graduates, with at least 5 years' recent responsible experience of treasury work in a major UK based multi-national group. Professional competence must be coupled with the management skills and personal qualities necessary to influence thinking and action within the wider organisation.

Please write enclosing a comprehensive CV to: John Muncey, Director of Development (Group Personnel), The Boots Company PLC, Head Office, Nottingham NG2 3AA.

The Boots Company PLC
An equal opportunity employer

HUMBERSIDE TEC
– Success through people –

Finance Director

c.£52,000 + car + benefits

- *Our client, Humberside Training and Enterprise Council, is a newly formed, independent company established to provide training under Central Government programmes and locally generated initiatives, run by an energetic management team committed to realise the TEC's vision for the community of Humberside.*
- *Uniting local businesses and individuals in the community, the potential for success is considerable, maximising the use of funding provided by Government and other sources to build the skills and effectiveness of the local workforce.*
- *At a time of exceptional challenge and in line with the strategic plan, the Managing Director seeks to strengthen the executive Board by recruiting an innovative Finance Director who will take full responsibility for financial management. A demanding task, combining commercial and public sector financial procedures.*
- *The ideal candidate, a qualified Accountant with wide commercial experience, will have already demonstrated the ability to operate in a senior financial position at strategic level whilst retaining the capacity and preparedness to be a 'hands-on' manager with a strong team management style; someone with the personal authority to deal with people from all areas of industry and the local community.*
- *Interviews will be held in our offices in Hull and Manchester.*
- ***Applications should be made in writing with a full CV and current remuneration package, quoting reference F/823/1, to Julie Meakin, Ernst & Young Corporate Resources, Lowry House, 17 Marble Street, Manchester M2 3AW.***

ERNST & YOUNG

هكذا من الأصل

Group Finance Director

Quoted British Services Group

To £70,000 package — Central London

Our client has grown rapidly into a sophisticated and successful Plc. An experienced hands-on finance professional is now needed who can implement the tight financial and treasury controls necessary to underpin its future development.

THE COMPANY
- Dynamic quoted British Plc with 15 transportation, distribution and civil engineering subsidiaries.
- Record of profitable growth from £5m to over £100m turnover in 7 years.
- Strongly managed from lean Head Office.

THE POSITION
- Top group finance role; reporting to Chairman and CEO with experienced team.
- Develop and implement tight financial controls and treasury management appropriate for a major Plc.
- Emphasis on tough cash management and making assets work. Contribute to strategic development.

QUALIFICATIONS
- Qualified accountant with extensive experience from large group. Age open.
- Strong background in both financial control and treasury risk management. Creative approach.
- Positive, diplomatic and energetic personality to lead team and get results from operating companies.

Please write, enclosing full cv, Ref BK0936
NBS, Bennetts Court, 6 Bennetts Hill, Birmingham, B2 5ST
021 233 - 4656

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Financial Controller

Top management level appointment with significant career opportunities

SW London — c£30,000 + Car

My client, the subsidiary of a major multi-national company, is an established name within its industry sector with a well deserved reputation for technical innovation and product quality.

Following an internal promotion, they are seeking an individual to head the finance function and to assume the role of Company Secretary. You will be responsible for directing and managing all aspects of the finance department to ensure that the company has the necessary controls and information to enable it to achieve its business objectives.

We would like to talk to individuals, probably in their late twenties or early thirties who can demonstrate a successful track record within finance in batch manufacturing businesses. You will be qualified but must importantly bring more than just technical ability to the role. We will also be seeking evidence of well developed management skills and a practical, solutions orientated approach to financial management.

Success in this role will lead to more senior opportunities within a group which sets a high value on career development.

Applicants of either sex should apply in confidence, to Bob Wilson on (0962) 844242 (24-hour service) Fax No. (0962) 841998 or write to Johnson Wilson & Partners Ltd, Clarendon House, Hyde Street, Winchester, Hampshire SO23 7DX quoting ref: 408W.

Johnson Wilson & Partners
Management Recruitment Consultants

NISSAN

Accounting and Finance Manager

c.£40,000 + two cars — London Based

Nissan Motor Company plans to establish its own dealer network, operational from early 1992. Nissan is dedicated to providing the highest quality in all its services, from dealer support to customer service.

Now, Nissan is seeking an Accounting and Finance Manager to take responsibility for setting up and ensuring the smooth operation of accounting, financial and treasury services.

This means that you'll be involved in a wide range of activities - controlling the company's financial affairs, producing statutory accounts, monthly management accounts, dealing with audit requirements and handling corporate tax affairs. Additionally, you'll produce medium and long term financial forecasts, and cash flow plans.

A qualified accountant, you should be educated to degree level and be aged between 35-45. You should also be able to demonstrate career success as an accounting and finance manager, ideally in the motor sales industry or a trading house, and preferably have experience of setting up new computerised accounting and internal management systems.

This is an excellent opportunity to demonstrate your talent and capabilities in an environment which quickly recognises and rewards success. The attractive salary and benefits will fully reflect the importance placed on this appointment. Generous assistance with relocation will be provided, where appropriate.

Please write with full career details and current salary package, quoting reference FT.2165 to our consultant, Jim Ranger, MSL International (UK) Ltd., 32 Aybrook Street, London W1M 3JL. All applications will, of course, be treated in the strictest confidence.

MSL International
CONSULTANTS IN SEARCH AND SELECTION

Credit Manager

London,

c £37,500, Car

Part of a major European Bank, this company is one of the fastest growing small ticket finance organisations in the UK. The environment is particularly challenging so excellent commercial judgement will be a crucial factor in this highly visible role.

Reporting to the Operations Director, the position will have a diverse and wide ranging brief. Prime responsibilities will encompass the provision of financial and credit analysis, underwriting major proposals, monitoring large exposures, advising and supporting senior managers in financial assessments and some project work.

Graduate calibre candidates, probably aged in their 30's, should be an underwriting professional with 5 years experience of managing a wide portfolio of loans including large exposures. A clearing bank or a financial services company background will be ideal.

Excellent written and verbal communication skills are important as there will be much liaison and contact with the national Branch network. Sound commercial judgement, drive and a positive business attitude are essential in this senior demanding role.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to, *M. Gould,* **Hoggett Bowers plc,** *1/2 Hanover Street,* **LONDON,** *W1R 9WB.* **071-734 6852,** **Fax: 071-734 3738,** *quoting Ref: H13122/FT.*

Hoggett Bowers

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CORPORATE FINANCE

Leading UK Merchant Bank

To £30,000 + Mortgage Subsidy + Benefits
City Based

Our client is seeking to appoint additional Corporate Finance Executives to work in transaction teams on a wide range of assignments including both domestic and international deals.

Candidates, who are likely to be qualified accountants, must be self starting, resilient and flexible individuals who can work on several projects at once. They should be able to demonstrate an early potential for creative thinking to assist in transaction work and to contribute to developing the client base. Personality and professional skills will be needed in order to gain the respect of both senior client company executives and colleagues within the department. Age range 24-28.

For further information and a confidential discussion contact Howard Foster on **071-387 5400** (evenings on **0727 55639**) or write to him at **Financial Selection Services,** Drayton House, 30 Gordon Street, London WC1H 0AN.

FINANCIAL SELECTION SERVICES

DRAYTON HOUSE, GORDON STREET, LONDON WC1H 0AN. TEL: 071-387 5400. FAX: 071-388 0857

Joint Ventures Control with Broader Management Responsibilities

Oil Company — c. £40,000

This London based oil company has substantial production revenue, is involved in several significant developments, including its first as operator, and plans to invest $400 million in the UKCS over the next five years. It now needs a top calibre accountant both to lead its joint venture accounting team and to assume an increasing level of responsibility for the day to day running of the accounts department.

You will enjoy a high profile and wide workscope which includes the financial control of the company's interests in two major North Sea developments. The accounting system has recently been streamlined and you will have the chance to enhance procedures further.

Professionally qualified and probably aged 28-35, you have good North Sea joint venture accounting experience including exposure to JOAs. You have proven supervisory skills, are computer literate and, ideally, are familiar with US accounting principles.

The remuneration package is particularly competitive and includes a quality car and attractive share scheme.

Please telephone or write with CV in complete confidence to: **Sue Jagger, Director, Simpson Crowden Consultants Limited, 97/99 Park Street, London W1Y 3HA. Telephone: 071-629 5909.**

Simpson Crowden
CONSULTANTS

MAFF Ministry of Agriculture Fisheries and Food

Financial Adviser to £31,500

We seek an ambitious Accountant for our Central London offices who is keen to broaden professional skills in a wide range of financial areas and ready to develop an ability to contribute to policy formulation. The successful candidate will be able to demonstrate a commercial approach and will have the communication and interpersonal skills needed to act as internal consultant to the Ministry and its Executive Agencies at senior levels.

You must be a member of CACA, ICA, CIMA or CIPFA and have a successful track record in the private or public sector, and the ability to lead a small but dynamic Ministry team. The appointment will be for a five year term, with the possibility of extension or permanent appointment.

Performance related salary increases are available to £34,000. There is a non-contributory pension. This post provides an excellent opportunity to play an influential role in the development of financial systems in a major government department. It offers good prospects for advancement.

Interviews will be held in London on 16 April 1991.

Please submit your CV providing full personal and career details, including current salary and the names of two referees by 21 March to **Mrs Lindsay Harkett, Ministry of Agriculture, Fisheries and Food, Room 417, Victory House, 30-34 Kingsway, London WC2B 6TU.** Further information concerning the post and how it fits into the work of the Ministry are available on request.

The Ministry of Agriculture, Fisheries and Food is an Equal Opportunities Employer.

FINANCE DIRECTOR

c£30,000 + car — Northern England

The company, recently acquired by a major international group, designs, manufactures and distributes engineering products. With some 400 employees and turnover of approximately £15 million, the company is profitable and a leader in its field.

The Finance Director will report to the Managing Director locally, and to the Divisional Controller. Heading a small department, he will be responsible for introducing modern systems of reporting, including data processing.

Candidates, who are likely to be aged 30-35, should be qualified accountants with industrial controllership experience. An understanding of group procedures is also required.

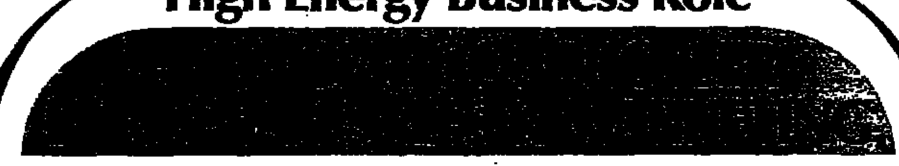
Please write, enclosing cv, to The Executive Selection Director, Nicholas Angell Limited, 11 Waterloo Place, London SW1Y 4AU. Fax: 071 925 2369.

NICHOLAS ANGELL
EXECUTIVE SEARCH CONSULTANTS

Qualified Accountant required with M.I.S. experience to work for a small company in Central London. Salary c£27,000 + prestigious car.

Write Box H8150, Financial Times, One Southwark Bridge, London SE1 9HL.

"High Energy Business Role"



c.£35K + Car + Benefits — Thames Valley

Our client is a high technology world leader in the micro-electronic components market with a turnover of around £1 billion.

The European Sales and Marketing Headquarters, based in the UK, has an opportunity for a visionary business controller.

Reporting to the European Finance Director you will be responsible for business planning, activity costing, forecasting and performance measurement. In addition you will be managing the business planning organisation both in the UK and Germany.

The ideal candidate, in their late 20s or early 30s, will be a qualified accountant with a successful technical and management record within the commercial sector.

Applicants should be strategic in outlook, result orientated and with a communicative and persuasive management style. Good PC and system skills are also essential, as is a genuine international perspective.

As part of the succession planning programme it is envisaged that applicants should be capable of fulfilling the Director's position in the future.

Candidates should apply, with full career and salary details, to R M Bruce, Mercuri Urval Limited, 1-4 Portland Square, Bristol, BS2 8RR, quoting reference 175/91.

Mercuri Urval

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appears every
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and Friday (international edition only)

هكذا من الاصل

GUINNESS FLIGHT
GLOBAL ASSET MANAGEMENT LIMITED

FINANCE DIRECTOR
(DESIGNATE)

Investment Management
Guinness Flight Global Asset Management is a boutique investment management house. *It is best known in the market for its currency and international* bond management and it also has a sizeable international equity business.

The company is 20% owned by management and 80% by Guinness Mahon Holdings plc and now Bank of Yokohama. It enjoys the benefits of their support, together with the autonomy of controlling the day to day business.

We are seeking to recruit a Financial Director (designate) to join the senior management team in continuing to consolidate and expand the company's business activities in all areas.

The ideal candidate will be aged 28-35 years, five or more years ACA qualified and with relevant financial services industry experience. They will have the enthusiasm, stamina *and resilience to contribute to the aspirations of the senior management team*, coupled with a willingness to do anything as required in a small company.

Company benefits include competitive salary, incentive scheme, quality car, an excellent pension scheme, private health care, and mortgage subsidy.

Please reply in writing with full CV to Veronica Burwood, Personnel Manager, Guinness Flight Global Asset Management Limited, 32 St Mary at Hill, London EC3P 3AJ.

HEAD OF FINANCE
RATCLIFFE ON SOAR POWER STATION

c£30 K — ***NOTTINGHAMSHIRE***

PowerGen is one of the three main Generating Companies created from the Government's plans for the privatisation of the Electricity Supply Industry,in England and Wales.

As Head of Finance at the Ratcliffe on Soar Power Station, one of our major Business Units, you will become responsible for all the Station's finance activities. Reporting to the Commercial Manager, you'll play a key role in formulating important commercial decisions, the main figure in developing the Station's business systems and management information reporting to meet the challenges of our new arena.

In doing so, you will call upon your extensive knowledge of modern financial techniques and practices, your experience in developing computerised management information systems, your ability to communicate at all levels and your experience of managing a specialist team.

You'll have a professional accounting qualification, preferably Chartered, supported by a number of years' senior *financial and management accounting experience, ideally, gained within a plc environment.*

In addition to an attractive salary and benefits package - which includes relocation assistance if required - you'll have the pleasure of working in a pleasant rural area less than 2 hours away from London by train.

Interested? Please write, enclosing your full cv with current salary details and quoting reference *PV 126/91 to Mr J Reid, Station Manager, Ratcliffe on Soar Power Station, Nottingham NG11 0EE.*

Interviews will be held on Tuesday 19th March 1991.

PowerGen is committed to Equal Opportunities.

POWERGEN

Finance Director
WIGAN c. £43k + Car

With a turnover in excess of £100 million, Shearings is the market leader in coach holidays, each year providing UK and overseas travel and accommodation in over 500 hotels for over ½ million tourists.

This new position as our Finance Director offers exceptional opportunities to contribute to the strategic development of a company which has recently integrated its Transport and Holidays businesses.

Naturally, we're looking for a qualified and experienced Senior Accountant who can *take responsibility for financial and accounting functions. However, just as* importantly we need someone with a wealth of ideas, imagination and energy.

Perhaps currently head of a financial team in a small multi-site company, or an up and coming Finance Controller, you're now looking for a move that will bring greater challenge, motivation and reward.

Reporting to the Managing Director, it goes without saying that you must be used to making sound commercial decisions and possess the persuasive leadership skills that will inspire your colleagues.

Apart from the professional satisfaction of a fulfilling career, the financial rewards and benefits are substantial.

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